

# BVCA Private Equity and Venture Capital Performance Measurement Survey 2009

A survey of independent UK-based funds that raise capital from third-party investors



**bvca** The voice  
of long-term  
investment

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# Foreword

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The BVCA – The British Private Equity and Venture Capital Association – is the industry body for the UK private equity and venture capital industry. Our membership of over 450 members represents the overwhelming majority of UK-based private equity and venture capital providers and their advisers. The BVCA has over 27 years of experience representing the industry (which currently accounts for 40% of the whole of the European market) to government, the European Commission and Parliament, the media, regulatory and other statutory bodies at home, across Europe and around the world. We promote the industry to entrepreneurs and investors, as well as providing services and best-practice standards to our members.

**The challenges faced by the private equity and venture capital industry over the past twelve months were unprecedented and, as this report clearly suggests, during 2009 many portfolio businesses felt the full force of the economic downturn in the UK and across Europe.**

This private equity and venture capital industry performance measurement survey, produced by PricewaterhouseCoopers<sup>1</sup> in association with Capital Dynamics, is the most detailed and comprehensive study of its type in the world. Enjoying the full participation of the BVCA membership, and including 470 independently managed UK funds, the results speak for themselves.

The industry's ten-year annual internal rate of return (IRR) stands at 13.1%, against 3.1% per annum for total pension fund assets and 1.6% per annum for the FTSE all-share over the same ten-year period to 31 December 2009.

The private equity and venture capital industry has always taken pride in its ability to absorb short-term economic shocks and take the long-term view. The results of this survey bear that out. Some of the most successful vintage years the industry has experienced have come during times of economic uncertainty. As this report reveals, the excellent since-inception returns generated by funds raised between 1991 and 1995, and those raised between 2000 and 2004, demonstrate the industry's ability to pick the right companies at the right time, and at the right prices, to deliver exceptional returns to investors.

<sup>1</sup> 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

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Investors understand this, which is why they continue to back the asset class to the extent that they do. They are not committed to private equity and venture capital for a short-term fix. They are in it because they know it can consistently generate long-term returns, returns which are passed on to pension funds, to insurance funds and to other supporters of the asset class.

Now that the UK is, we hope, slowly climbing out of the recession, private equity and venture capital are perfectly placed to explore the growth opportunities which are opening up as exciting young

companies and under-performing older ones need the investment and operational expertise that the asset class offers. The road out of recession will not be an easy one, but both private equity and venture capital look forward to the journey.

Hugh Lenon  
BVCA Chairman, July 2010



Ashley Coups  
Private Equity Assurance Leader,  
PricewaterhouseCoopers, July 2010



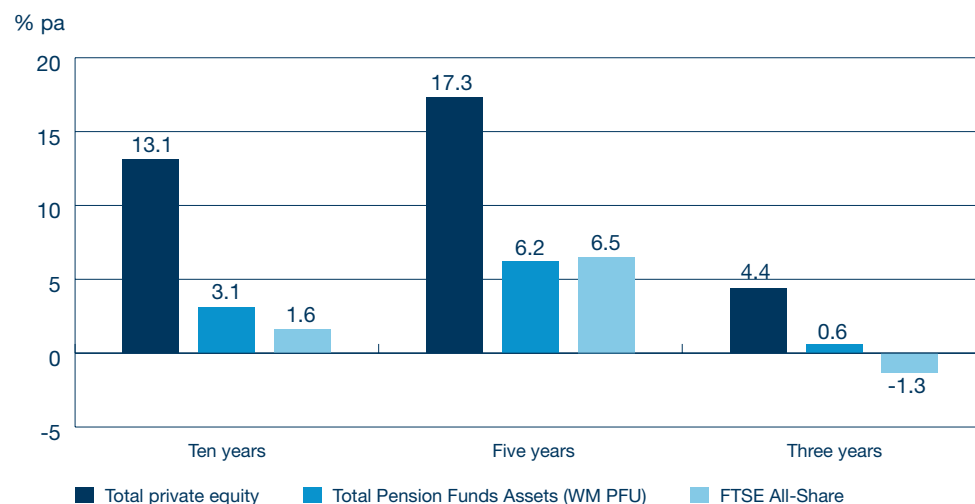
# Highlights

Despite a challenging year in 2009, UK private equity continues to produce stable returns and outperform other asset classes over the longer term. This reflects both the long-term nature of the asset class and the fact that value is built over a period of time.

Over the ten years to 31 December 2009, private equity's average annual return stood at 13.1% overall – in contrast with a return of 3.1% generated by total UK pension fund assets and 1.6% by FTSE All-Share over the same period. Over the medium term (three- and five-year periods) private equity again displays substantial outperformance when compared with UK pension funds and the FTSE All-Share index.

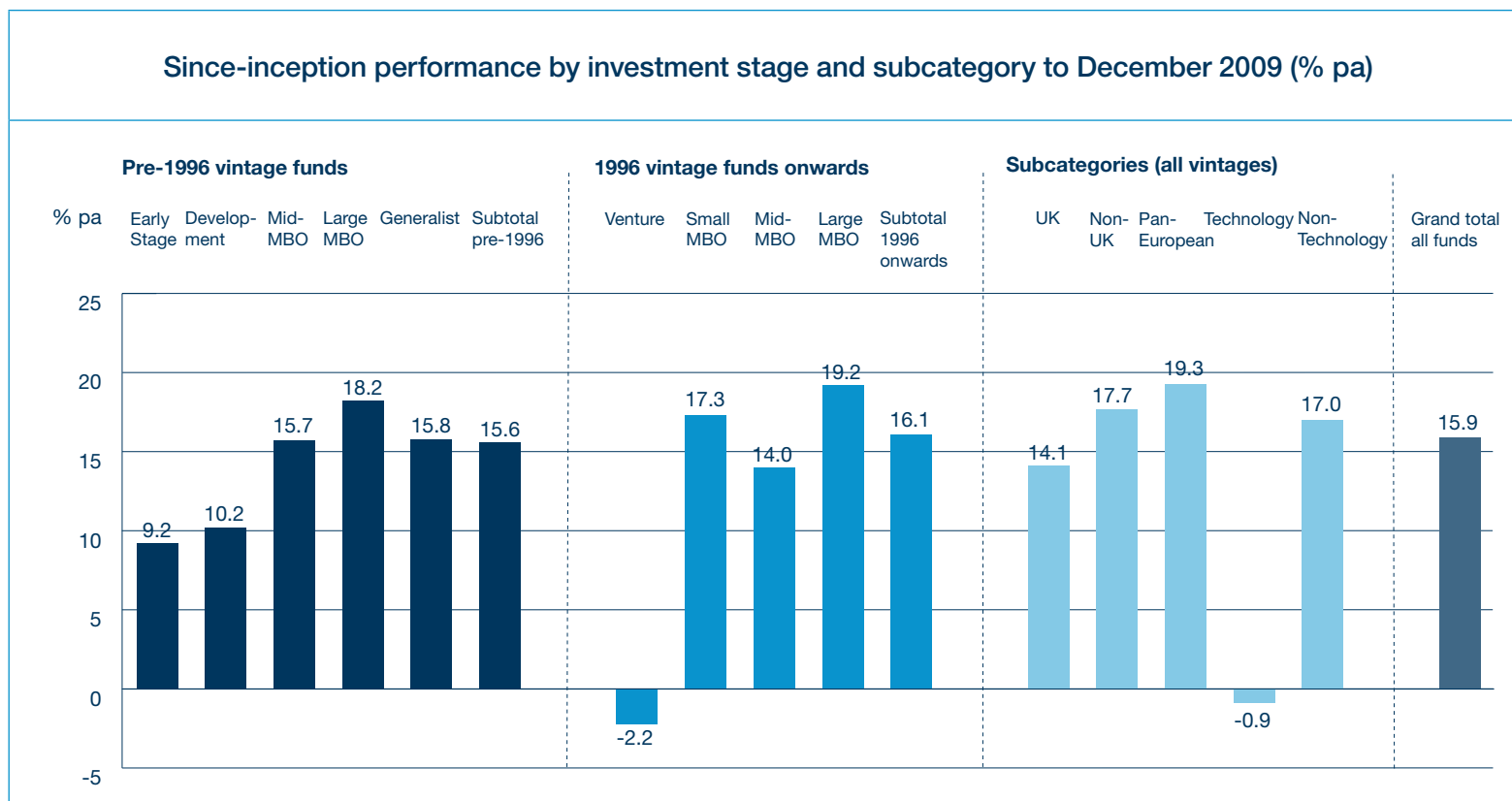
The return since inception most accurately reflects the performance of private equity since it measures performance over the full life of the funds. As the majority of the pre-1996 vintage funds have either been wound up or retain only minimal residual values, the net return on a since-inception basis of these funds has remained at 15.6% for a number of years, and is unlikely to change in the future. The since-inception IRR of all funds raised prior to 2006 remains healthy and attractive at 15.9%.

Summary of UK private equity performance versus principal comparators



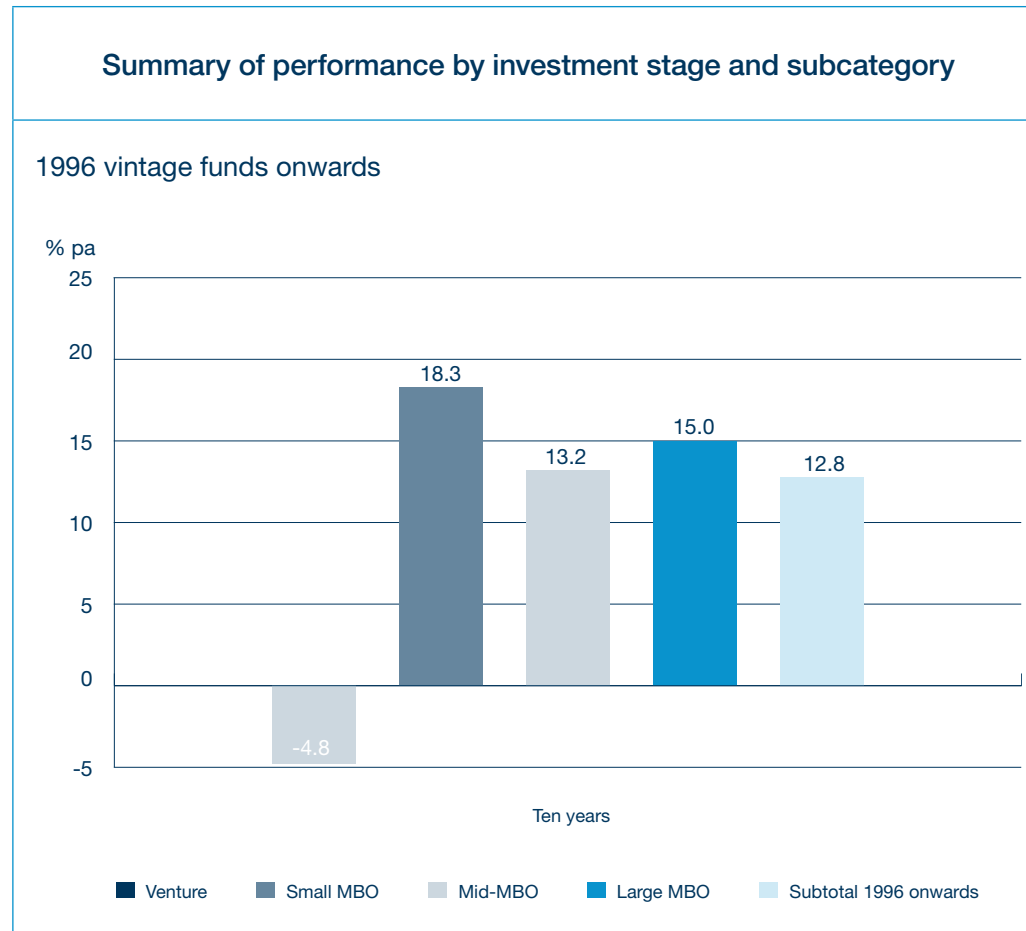
Note: Current year returns are shown in Appendix III

Since-inception returns vary across different investment stages. The pre-1996 vintage funds included in this report are classified into the following investment stages: Early Stage, development, Mid-MBO, Large MBO and Generalist (which invest in companies at all stages). At 18.2% per annum, large MBO funds raised before 1996 have slightly outperformed Mid-MBO and Generalist funds on a since-inception basis. Funds raised from 1996 onwards are classified into four investment stages: venture, Small MBO, Mid-MBO and Large MBO, to reflect the development in the industry. Large MBOs again outperform all other investment stages at 19.2%. The performance of the post-1996 venture funds still suffers from the slump in technology company valuations that began in 2000. However, as shown in the later part of the report, purely commercial VC funds raised after the dotcom bubble are in a better shape, with some showing good return potential.



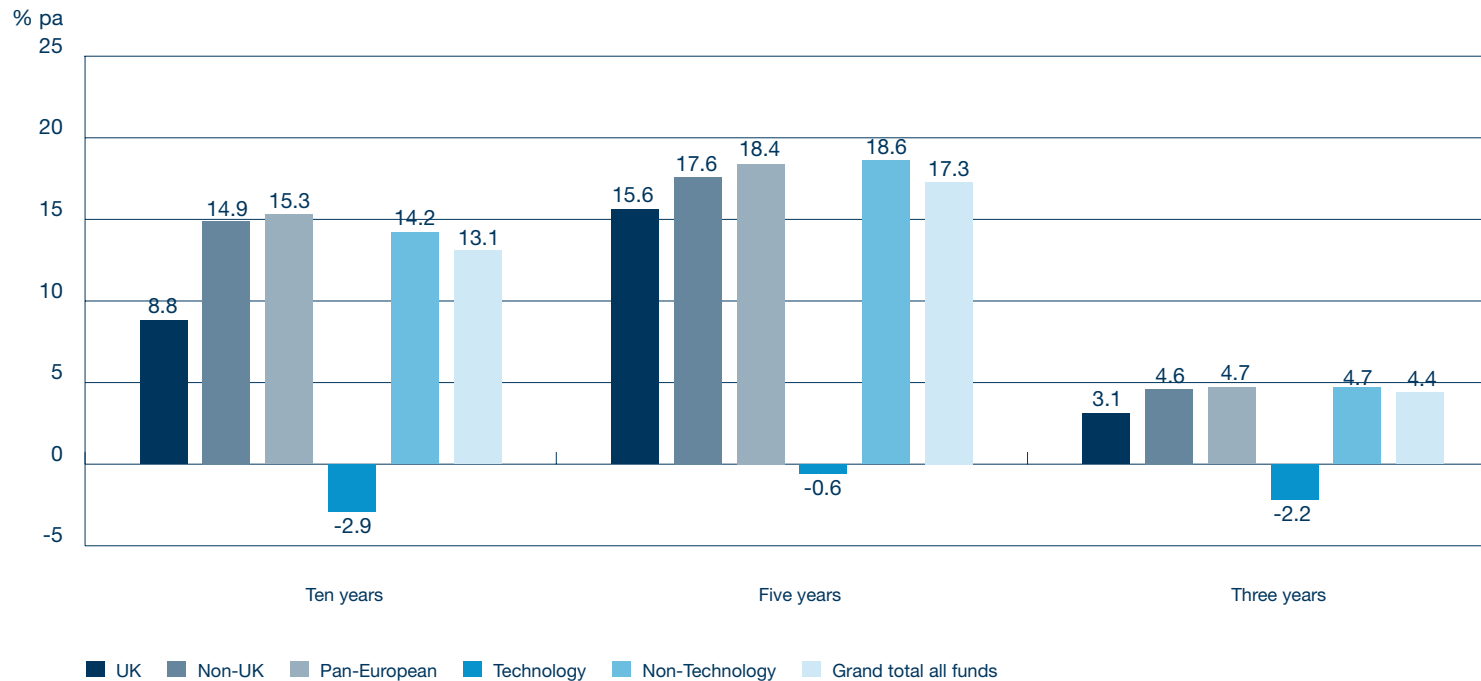
## Highlights continued

Buyout funds at all stages raised from 1996 onwards have produced double-digit returns over the ten-year period. The negative venture performance was again driven by the funds raised during the dotcom bubble. A detailed analysis on page 13 shows a more positive picture of the venture category.



## Summary of performance by investment stage and subcategory

### Subcategories (all vintages)

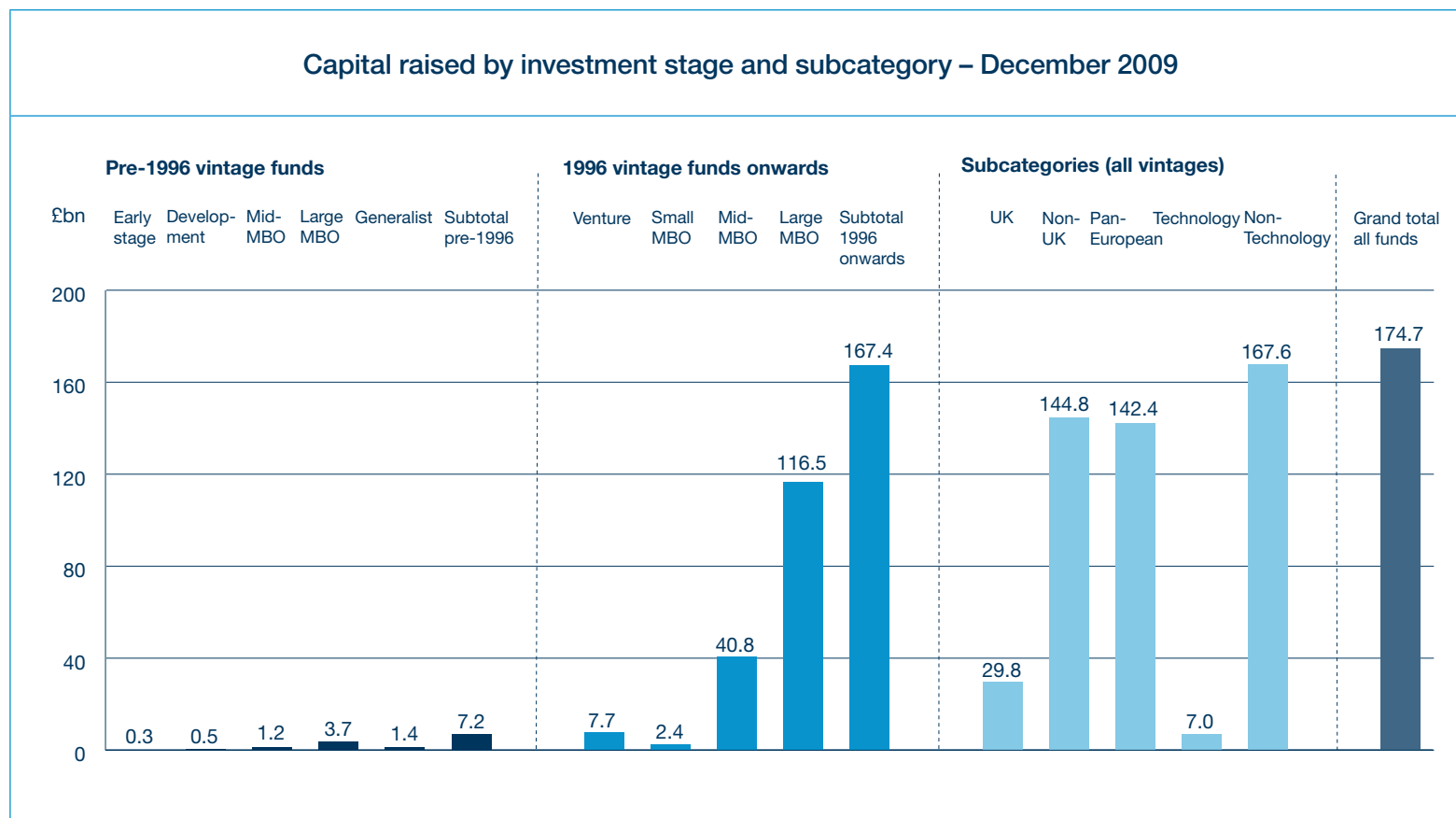


Returns to investors are also affected by geographical and technological focuses. Across all vintages, pan-European funds (those investing in more than two European countries) have enjoyed the best performance since inception to December 2009. Pan-European funds have an IRR of 19.3% pa, compared with 14.1% for UK-focused funds. Pan-European funds are also the best performers over three, five and ten years.

Technology funds, still suffering from the after-effects of the IT bubble at the turn of the century, record the lowest performance over all time frames. They have produced returns from inception to December 2009 of -0.6%, a small improvement from December 2008's performance data. Over the medium to longer term, they have produced an annual IRR of -2.9% in the past ten years, an annual IRR of -0.6% in the past five years and -2.2% in the past three years.

# Highlights continued

Across all vintages, BVCA funds have raised £175 billion for investment. Of the capital raised, £108 billion has been drawn down. This indicates an amount of over £65 billion that is available for the industry to invest. Of the capital paid in, £89 billion has been returned to investors and £62 billion is retained in portfolio. The total value (distribution plus residual value) as a percentage of paid-in capital is 140%. The percentage goes up to 162% if only funds that are more than four years old are included.





# The UK private equity industry

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The investment activity of the private equity and venture capital industry in the UK fell significantly below their historic norms in 2009 as the economy suffered the worst recession since the 1930s. The downturn hit all areas, from large buyouts to early-stage investments. The amounts of both capital calls and distributions were low. Valuations, however, held up due to a combination of recovering comparable valuation multiples and the industry's focus on providing active support to existing portfolio investments in order to create and protect value in a challenging environment.

BVCA members invested £7.5 billion in total in 2009, of which nearly £3.0 billion was invested in the UK market, £1.9 billion in the United States, £2.6 billion in continental Europe and the remaining £63 million to other overseas countries. With over 60% of investments made outside the UK, the industry continues to provide a principal gateway to investing in the rest of Europe and indeed the rest of the world, reflecting the depth of knowledge the industry has built up over the past few decades.

Management buyout (MBO) and management buy-in (MBI) deals continued to attract the greatest amount of investment last year – £3.3 billion, 43% of the total. In terms of investment volume, however, venture capital and expansion type of investments accounted for the highest proportion. In 2009, 434 venture stage companies and 378 growth companies received financing from the industry, 48% and 38% of the total respectively.

The financial crisis has created momentum for regulatory reform across the whole of the financial sector, including private equity and venture capital. Whether domestically or at an EU level, the industry continues to be subject to politically motivated reforms and directives. However, the strength in depth of private equity and venture capital in the UK should ensure that it continues to thrive.

## Private equity characteristics

As an asset class, private equity differs in nature from other asset classes. Typically, private equity fund investments show less correlation to quoted equity markets and are relatively illiquid, particularly in the early years.

Private equity is a long-term investment, which, in the first few years, will normally show a drop in net asset value before showing any significant uplift. This is often the effect of management fees and start-up costs.

UK private equity offers institutional investors the opportunity to further diversify their assets with the possibility of strong investment returns. It does, however, have a different nature from quoted equity and it is crucial that an institutional investor considers the appropriateness of private equity to its particular objectives. The life cycle of a private equity fund investment is typically ten years or more. An investor will receive distributions of capital during the life of the investment. There is also now a substantial secondary market for private equity holdings, which provides the opportunity for investors to exit a private equity holding by selling it to another investor during the lifetime of the holding.

## Methods of measurement

The primary method for calculating returns of private equity funds is based on the annualised internal rate of return (IRR) achieved over a period of time.

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The report measures performance in two ways: by ‘since inception’ and ‘medium to long term’ (over three, five and ten years).

#### Since inception

This is the most meaningful way in which to measure private equity performance. It measures from the actual start of a fund (i.e. from the fund’s first drawdown) up to a particular point in time. This therefore most closely reflects the return an investor would achieve if they invested at the start of the fund.

#### Medium to long term

Medium to long-term figures are included in the report in order that investors can compare private equity returns with those of other asset classes, which is not possible with the ‘since inception’ numbers. It is not, however, the most appropriate way to measure private equity returns.

The returns quoted in the medium to long-term figures cover all activity of funds in the survey over the measured period to 31 December 2009 – it is not limited to those funds that were in existence at the start of the measured period (e.g. the ten-year return covers all activity of all funds over the period 1 January 2008 to 31 December 2009, regardless of whether the funds had been in existence for the whole of the measured period).

#### Current year returns

One-year figures are extremely volatile and inappropriate as a realistic measure of private equity performance, since it is not possible to invest in a private equity fund for just one year. They can, however, be used as an indication of how well the UK private equity industry performed in that one year.

#### Reclassification of investment stages for 1996 vintage funds onwards

To reflect changes in the market, which from the mid-1990s have seen the predominance of larger funds, a ‘restart’ in the venture marketplace and the growing recognition of private equity as an asset class, 1996 vintage funds onwards were (as of the 2005 report) reclassified into four new investment stage categories: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories (i.e. Early Stage, Development, Mid-MBO, Large MBO and Generalist). This is reflected in the tables accordingly. Please see Glossary of Terms for definitions. Comparative figures are not available, other than for the subcategories of UK and Non-UK, Pan-European and Technology and Non-Technology which apply to all vintages.

#### Pan-European funds

From 2004 onwards an extra subcategory was included, which is dedicated to pan-European UK-based funds. These funds invest, or intend to invest, in more than two European countries.

#### Fund multiples

We began reporting fund multiples as well as IRRs in the 2004 report. The multiples shown are: the total amount distributed to investors as a percentage of paid-in capital (DPI); and the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital (TVPI).

# Analysis: Venture capital returns

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Once again this year's performance measurement survey further examines the underlying venture capital return figures in order to present a more accurate picture of performance. The venture capital sector in the UK has for many years been haunted by the misperception that there is no money to be made through venture investment. Yet, as we delve deeper into our fund performance data, a very different and more positive picture emerges.

Our analysis of purely commercial venture funds raised from third-party return-oriented investors reveals a sector which has emerged from the legacy of the dotcom bubble. Funds raised prior to the dotcom boom have recorded double-digit returns, as one might expect. Funds raised after the dotcom era, whilst still at the very early stage of the fund life, have shown the potential to generate solid returns once again for investors.

Over half of venture investment has been made through funds raised during the dotcom bubble, and as such, the performance of these funds distorts the true picture for investors assessing the return potential of the asset class. To provide a more balanced picture, we segment our funds into three categories according to their vintage years, namely, Pre-bubble (1980 to 1997), bubble (1998 to 2001) and Post-bubble (2002 to 2005).

Consistent with the rest of the report, we focus on since-inception returns as of 31 Dec 2009 on a net of fee and carry basis. The outcome of our analysis is encapsulated in the table opposite.

Looking back at the pre-bubble period, when the venture capital industry in the UK was gradually taking shape, funds raised during these years have recorded strong returns on average. A majority of these funds have reached the end of their life and their returns are, or are close to being, fully realised. Collectively, these funds have a strong pooled average IRR of 12% per annum and a quarter of them managed to achieve exceptional performance with an annual IRR above 15.5%.

The 1998 to 2001 vintage funds have clearly suffered from inflated valuations in the high tech industry during the dotcom boom. Few venture players came out of

this period unscathed, and those who rushed into the market at the height of the dotcom boom with inadequate skills and knowledge in venture investment are likely to have seen their investment virtually wiped out. It is not surprising that bubble period funds have recorded a collective loss of 6.4% on average.

As the sector continues to evolve and strengthen in the post-bubble years, the return picture is beginning to change. The 2002–2005 vintage funds, whilst still relatively young and yet to come out of the lower end of the J curve, have produced a pooled average of 2.7%, with top-decile funds returning more than 11% to their investors per annum. As the post-bubble funds continue to mature, we expect that average returns will continue to rise and that venture capital will again form an integral part of an investor's overall portfolio.

**Since-inception IRR (%) – venture funds (purely commercial)**

	<b>Subtotal</b>	<b>Pre bubble – 1980–1997</b>	<b>bubble 1998–2001</b>	<b>Post bubble 2002–2005</b>
No. of funds	77	32	30	15
Pooled average	-0.2	12.0	-6.4	2.7
10th percentile	15.9	24.0	2.8	11.0
25th percentile	8.5	15.5	-2.9	5.0
Median	0.0	9.0	-10.7	0.0
75th percentile	-11.8	3.3	-17.7	-11.9
90th percentile	-20.6	-10.2	-29.0	-29.2
Inter-decile range	36.4	34.2	31.8	40.2
Range of returns	<i>98.7</i>	<i>71.5</i>	<i>58.8</i>	<i>51.1</i>
DPI	56.7	161.1	28.1	36.1
TVPI	99.5	165.8	72.4	107.7

\*The table reports the returns of the venture funds with no restrictions in their investment strategy imposed by their investors for purposes other than return maximisation or risk management. These funds are at least four years old. The returns are on the since-inception basis and are annualised.

# Returns by investment stage – IRR and multiple

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Returns from private equity have been superior to all other asset classes over the long term. Returns to investors are related to a number of factors, e.g. investment stages and vintage years. The measure of return used in this report is the internal rate of return (IRR), which is based on portfolio cash flows and valuations.

## Since-inception IRR by investment stage:

The return from all funds from inception to December 2009 stood at 15.9%. Although slightly lower than the returns as of December 07 and 08, the figure is consistent with what was achieved in the period between 2000 and 2006. The since-inception returns demonstrate notable stability on the whole, which is an attractive aspect of private equity performance.

## Pre-1996 vintage funds:

The majority of these funds have been wound up or retain only negligible residual values. The since-inception returns produced by these funds are therefore largely realised returns based on cash inflows and outflows. Returns are strong across all investment stages.

The large MBO funds produced the strongest performance from inception to December 2009 at 18.2%, followed by Generalist funds and Mid-MBO funds, at 15.8% and 15.7% respectively.

## 1996 vintage onwards

Large MBOs of this vintage continued to outperform other private equity categories. Small and Mid-MBOs also performed well. Although venture funds produced a negative return of -2.2%, this was primarily driven by funds raised during the dotcom period. The returns generated by the 2002–2005 vintage venture funds have already moved into positive territory, which is encouraging given they still have several years to reach the high end of the J curve.

## Subcategories (all vintages)

Pan-European funds again outperformed other private equity funds. Technology funds continue to deliver relatively weak performance, returning -0.9% pa from inception to December 2008, compared with 17% pa for non-technology funds over the same period.

Since-inception return – IRR (% pa) by investment stage and subcategory

	No of funds	To Dec '09	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01	To Dec '00
<b>Pre-1996 vintage funds</b>											
Early Stage	24	9.2	9.2	9.2	9.3	8.8	8.9	8.9	9.0	9.1	9.3
Development	35	10.2	10.2	10.2	10.2	10.0	10.0	10.0	10.1	10.1	10.4
Mid-MBO	33	15.7	15.8	15.8	15.8	15.8	15.9	15.9	15.9	16.0	16.1
Large MBO	26	18.2	18.2	18.2	18.2	18.2	18.1	18.1	18.2	18.1	18.7
Generalist	35	15.8	15.8	15.8	15.6	15.6	15.5	15.6	15.6	15.8	16.1
<i>Subtotal pre-1996</i>	<i>153</i>	<i>15.6</i>	<i>15.6</i>	<i>15.6</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.5</i>	<i>15.9</i>
<b>1996 vintage funds onwards</b>											
Venture	70	-2.2	-1.8	-1.6	-0.6	-1.9	-2.4	8.7	29.7	42.0	86.7
<i>pre-2002 vintage funds</i>	<i>43</i>	<i>-3.1</i>	<i>-2.6</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>2002 vintage funds onwards</i>	<i>27</i>	<i>0.2</i>	<i>1.7</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Small MBO	18	17.3	6.5	7.3	3.2	1.9	0.3	3.2	1.3	2.6	-14.2
Mid-MBO	87	14.0	14.9	14.9	13.2	9.3	5.9	4.3	3.6	8.0	17.6
Large MBO	27	19.2	21.5	23.7	21.0	18.0	13.9	14.3	16.5	30.6	25.2
<i>Subtotal 1996 onwards</i>	<i>202</i>	<i>16.1</i>	<i>17.2</i>	<i>18.9</i>	<i>16.4</i>	<i>13.2</i>	<i>9.4</i>	<i>9.7</i>	<i>11.7</i>	<i>19.8</i>	<i>25.9</i>
<b>Grand total all funds</b>	<b>355</b>	<b>15.9</b>	<b>16.4</b>	<b>17.3</b>	<b>16.0</b>	<b>14.4</b>	<b>13.0</b>	<b>13.6</b>	<b>14.6</b>	<b>16.2</b>	<b>16.4</b>
<b>Subcategories (all vintages)</b>											
UK	258	14.1	14.6	14.6	14.4	14.0	13.6	14.1	14.5	15.4	16.2
Non-UK	97	17.7	18.5	20.2	17.9	14.9	11.8	12.6	15.1	18.7	17.5
Pan-European	90	19.3	20.3	21.6	19.7	17.4	14.0	14.9	16.9	20.9	20.4
Technology	93	-0.9	-0.6	-0.1	1.0	0.1	0.9	7.4	10.7	12.1	12.8
Non-Technology	262	17.0	17.8	18.7	17.3	15.7	14.2	14.5	15.3	17.0	17.3

## Returns by investment stage – IRR and multiple continued

Since-inception return to December 2009 – Multiple to paid-in capital (%) by investment stage and subcategory			
	No. of Funds	Distributions Multiple (DPI)	Total Value Multiple (TVPI)
<b>Pre-1996 vintage funds</b>			
Early Stage	24	165	171
Development	35	171	171
Mid-MBO	33	175	176
Large MBO	26	192	192
Generalist	35	242	243
<i>Subtotal pre-1996</i>	<i>153</i>	<i>197</i>	<i>197</i>
<b>1996 vintage funds onwards</b>			
Venture	70	46	92
pre-2002 vintage funds	43	52	89
2002 vintage funds onwards	27	32	101
Small MBO	18	135	162
Mid-MBO	87	123	161
Large MBO	27	107	165
<i>Subtotal 1996 onwards</i>	<i>202</i>	<i>108</i>	<i>159</i>
<b>Grand total all funds</b>	<b>355</b>	<b>116</b>	<b>162</b>
<b>Subcategories (all vintages)</b>			
UK	258	138	158
Non-UK	97	108	164
Pan-European	90	116	169
Technology	93	54	97
Non-Technology	262	120	166

### Fund multiples since inception

The multiples show the total amount distributed to investors as a percentage of paid-in capital (DPI), and the total amount distributed plus the residual capital attributable to investors as a percentage of paid-in capital (TVPI). Total DPI for all funds since inception to December 2009 is 116%, a decline from the 145% from the previous year, reflecting the difficult exit environment last year. Total TVPI also fell a little from 175% at December 2008 to 162% at December 2009.

### Pre-1996 vintage funds

As the majority of these funds have been fully liquidated, there is now little difference between DPI and TVPI. The 197% of money multiples indicate that

for every GBP invested in private equity and venture capital, investors are able to receive twice as much in return. Generalist funds generated the greatest DPI and TVPI followed by Large MBOs, then Mid-MBO, development capital and finally early stage funds.

### 1996 vintage funds onwards

This group of funds includes both mature funds with minimal residual values and the relatively young funds with significant net assets values. There is therefore a notable difference between DPI and TVPI. Large MBOs have the highest TVPI (165%), followed by Small and Mid-MBOs (162% and 161%). Small MBOs have the highest DPI value of 135%, closely followed by Mid-MBOs at 123% and Large MBOs of 107%.

**Current year and longer term returns – IRR (% pa)  
by investment stage and subcategory**

	No of funds	Ten years	Five years	Three years	2009
<b>Pre-1996 vintage funds</b>	153	22.2	38.9	74.9	-32.2
<b>1996 vintage funds onwards</b>					
Venture	107	-4.8	-0.8	-2.3	-8.7
pre-2002 vintage funds	43	-7.3	-3.2	-7.4	-18.1
2002 vintage funds onwards	64	n/a	2.3	3.0	-1.2
Small MBO	35	18.3	85.1	16.0	28.1
Mid-MBO	131	13.2	24.5	11.2	-3.6
Large MBO	44	15.0	15.9	2.8	2.9
<i>Subtotal 1996 onwards</i>	317	12.8	17.2	4.3	1.2
<b>Grand total all funds</b>	<b>470</b>	<b>13.1</b>	<b>17.3</b>	<b>4.4</b>	<b>1.1</b>
<b>Subcategories (all vintages)</b>					
UK	329	8.8	15.6	3.1	-7.7
Non-UK	141	14.9	17.6	4.6	2.3
Pan-European	135	15.3	18.4	4.7	1.1
Technology	120	-2.9	-0.6	-2.2	-9.8
Non-Technology	350	14.2	18.6	4.7	1.7
Investment Trusts*	21	-1.3	-2.4	-12.7	-25.6

\* Annualised weighted average total net asset value return, calculated by Fundamental Data, www.funddata.com

**Medium to long-term IRR  
by investment stage**

Given the difficult operating environment in 2009, it is not surprising to observe a decline in the medium to long-term IRRs. The ten-year IRR of all funds fell from 15.4% pa in 2008 to 13.1% pa in 2009. The equivalent five-year IRR fell from 20.4% pa to 17.3% pa and the three-year IRR also fell from 16.7% to 4.4%. Nevertheless, over these periods private equity overall outperformed the UK pension funds, according to data from the WM Company, and all the main FTSE indices. The more detailed IRR figures also show that there are significant variations in medium to long-term performance, depending on the investment stage at which a fund invests, whether or not it invests in technology and where it invests geographically. The fund's vintage year is also a key factor.

**Current year IRR**

One-year figures are extremely volatile and inappropriate as a measure of private equity performance. In isolation they can, however, be used as an indication of how well the UK private equity industry performed in that particular year. In 2009, the one-year IRR was 1.1%. This figure, while only moderate, is encouraging in comparison with the negative one-year return in 2008. This small recovery has been led primarily by the Large MBO funds.

**Pre-1996 vintage funds**

The time period returns for the pre-1996 vintage funds are shown only in their summary form and should be interpreted with special care. As the majority of these funds have either been wound up or retain only minimal residual values, a small number of positive exit events or write-offs can cause large swings in their short-term returns. The weight of money in this group now has little impact on the returns of the total sample.

**1996 vintage funds onwards**

Small MBOs produced the highest ten-year IRRs at 18.3% pa, followed by Large MBOs (15.0%) and Mid-MBOs (13.2%). The patterns are the same for five and three-year IRRs. The return figures for small MBOs were dominated by a small number of funds that were reported for the first time for this survey.

**Subcategories (all vintages)**

Non-UK funds outperformed the UK-only funds in all time periods. The majority of the non-UK funds are pan-European funds, which consistently outperform all other categories as well as the main comparators, such as the FTSE All-Share and the WM Pension Fund Universe over all time periods.

# Returns by vintage year – IRR and multiple

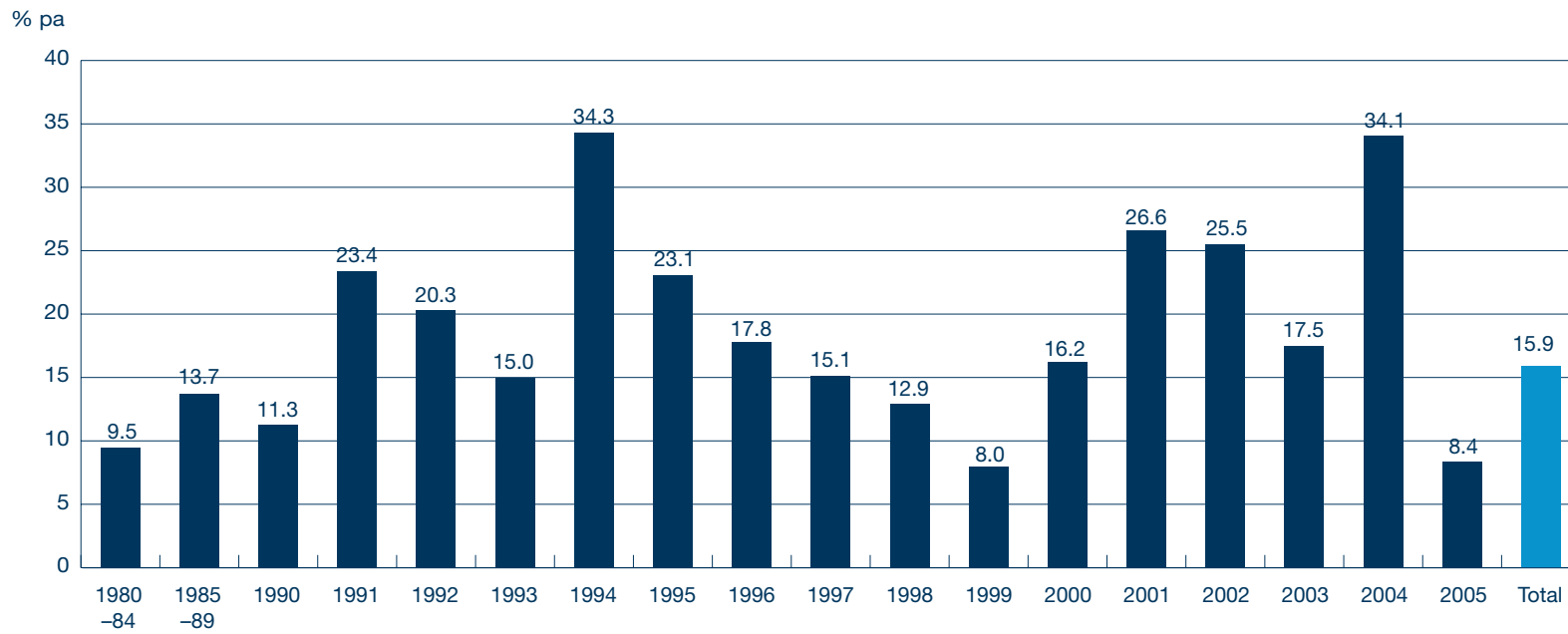
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A breakdown by vintage year shows the impact of economic cycles, the current stage of a fund's life and the type of funds raised in a particular year.

The figures show that investors who were able to commit to private equity during testing economic periods in the past have achieved superior returns on their investment. This is demonstrated by the since-inception returns generated by funds raised during the previous downturns and recovery periods, in particular between 1991 and 1995, and 2000 and 2004.

The highest since-inception return was delivered by the 1994 vintage at 34.3% pa. Funds of this vintage also produced the highest multiple. Given that all funds of this vintage are now fully realised, DPI and TVPI converge to 265%. The 2004 vintage also produced strong returns at 34.1%, however, the DPI and TVPI figures are weaker than the 1994 vintage funds.

### Since-inception return by vintage year to December 2009



## Returns by vintage year – IRR and multiple continued

Since-inception return – IRR (% pa) by vintage year											
	No of funds	To Dec '09	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01	To Dec '00
1980–84	13	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
1985–89	68	13.7	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
1990	13	11.3	11.4	11.3	11.3	11.1	11.1	11.1	11.6	11.5	11.8
1991	14	23.4	23.4	23.4	23.4	23.4	23.3	23.3	23.3	23.3	23.7
1992	7	20.3	20.3	20.3	20.3	20.3	20.3	20.2	20.1	20.0	19.7
1993	10	15.0	15.2	15.3	15.3	14.8	14.0	14.6	14.6	14.6	16.0
1994	19	34.3	34.3	34.3	34.3	34.4	34.4	34.3	34.3	34.9	36.9
1995	9	23.1	23.1	23.1	22.2	21.9	21.9	21.8	22.8	25.7	32.1
1996	13	17.8	19.1	18.7	18.7	18.6	18.5	19.0	20.1	22.0	26.3
1997	24	15.1	15.3	15.6	14.7	14.9	14.3	14.3	13.7	17.6	n/a
1998	16	12.9	12.9	12.5	12.2	10.8	10.6	9.3	6.3	n/a	n/a
1999	24	8.0	8.0	15.8	8.8	6.2	1.5	-2.0	n/a	n/a	n/a
2000	26	16.2	14.1	16.7	14.9	8.7	4.8	n/a	n/a	n/a	n/a
2001	30	26.6	27.4	29.1	28.3	23.4	n/a	n/a	n/a	n/a	n/a
2002	19	25.5	27.0	30.8	26.6	27.7	n/a	n/a	n/a	n/a	n/a
2003	18	17.5	25.4	32.1	23.4	22.2	n/a	n/a	n/a	n/a	n/a
2004	9	34.1	41.3	41.1	25.8	-5.8	n/a	n/a	n/a	n/a	n/a
2005	23	8.4	4.2	19.4	24.0	-8.0	n/a	n/a	n/a	n/a	n/a
<b>Total*</b>	<b>355</b>	<b>15.9</b>	<b>16.4</b>	<b>17.3</b>	<b>16.0</b>	<b>14.4</b>	<b>13.0</b>	<b>13.6</b>	<b>14.6</b>	<b>16.2</b>	<b>16.4</b>
2006	40	-11.8	-12.7	7.2	100.6	n/a	n/a	n/a	n/a	n/a	n/a
2007	38	5.1	4.1	24.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	20	-5.7	-2.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	17	15.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Subtotal 2006–2009</b>	<b>115</b>	<b>-6.3</b>	<b>-2.1</b>	<b>18.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

\*The 'total' figures for each year end are based on funds that were at least four years old at the relevant year end.

Since-inception return to December 2008 –  
Multiple to paid-in capital (%) by vintage year

	No of funds	Distributions multiple (DPI)	Total value multiple (TVPI)
1980–84	13	206	206
1985–89	68	184	185
1990	13	157	157
1991	14	186	186
1992	7	193	193
1993	10	189	189
1994	19	265	265
1995	9	192	192
1996	13	186	192
1997	24	166	168
1998	16	168	174
1999	24	113	141
2000	26	128	175
2001	30	153	196
2002	19	131	171
2003	18	108	138
2004	9	117	196
2005	23	22	121
<b>Total</b>	<b>355</b>	<b>116</b>	<b>162</b>

Current year and longer term returns – IRR (% pa) by vintage year

	No of funds	Ten years	Five years	Three years	2009
1980–84	13	-28.87	0.0	0.0	0.0
1985–89	68	25.5	5.0	7.5	4.7
1990	13	-7.9	47.8	20.2	-86.7
1991	14	-20.6	n/a	-17.9	0.0
1992	7	29.0	31.4	0.0	0.0
1993	10	6.7	99.0	-58.9	-95.5
1994	19	42.8	1.3	-9.8	-4.2
1995	9	17.1	61.8	n/a	1.0
1996	13	14.1	63.1	117.6	8.4
1997	24	7.7	25.2	41.3	-32.9
1998	16	15.4	29.4	43.0	3.9
1999	24	8.7	23.0	-4.0	-12.5
2000	26	0.0	31.4	13.3	18.6
2001	30	0.0	43.4	18.4	5.6
2002	19	0.0	29.2	16.6	3.5
2003	18	0.0	22.7	10.4	-39.2
2004	9	0.0	36.3	58.2	-10.6
2005	23	0.0	0.0	5.6	17.7
2006	40	0.0	0.0	-12.9	-11.6
2007	38	0.0	0.0	0.0	6.2
2008	20	0.0	0.0	0.0	-9.3
2009	17	0.0	0.0	0.0	0.0
<b>Total</b>	<b>470</b>	<b>13.1</b>	<b>17.3</b>	<b>4.4</b>	<b>1.1</b>

# Returns by vintage year (1996 onwards) and investment stage – IRR and multiple

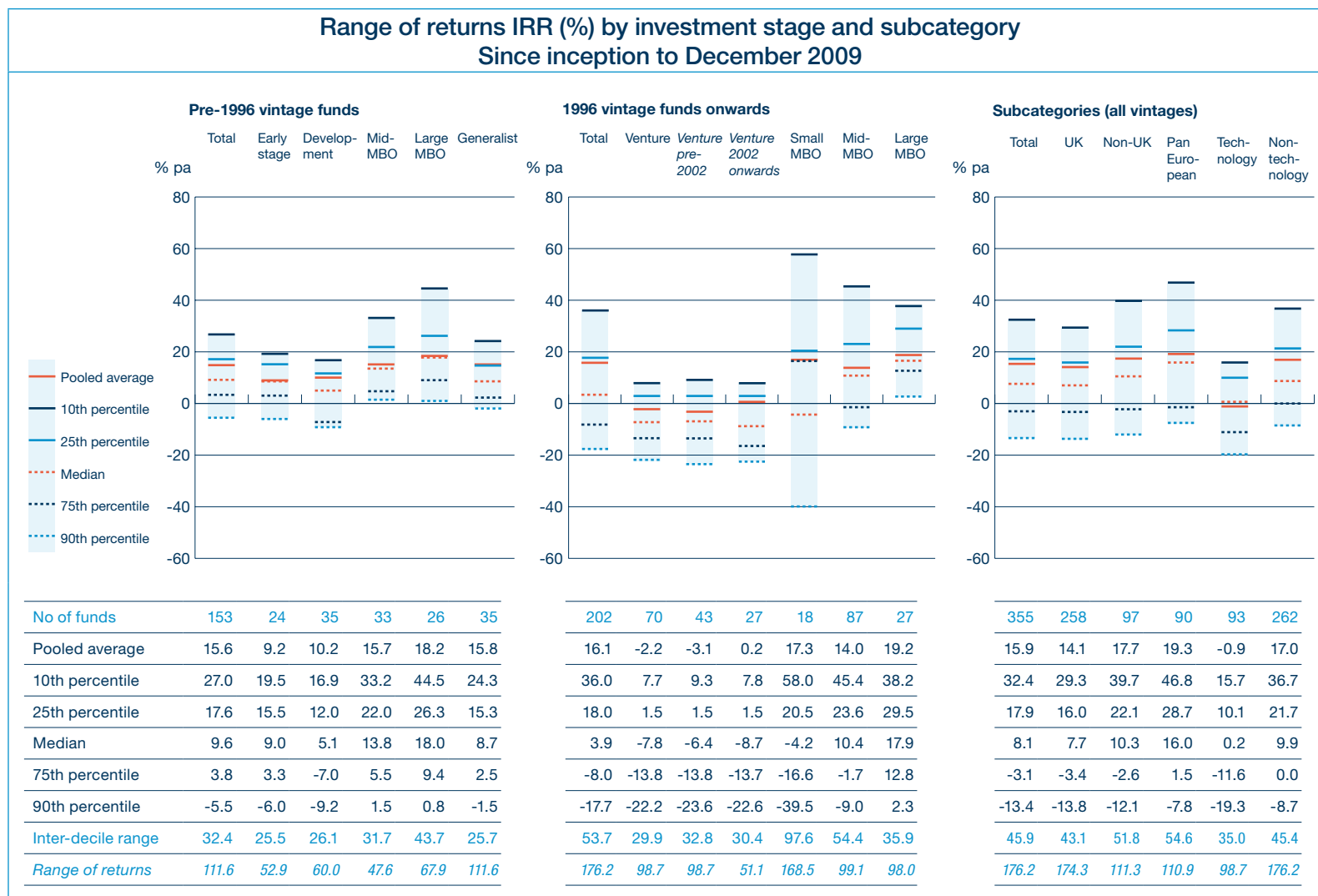
Since-inception return – IRR (% pa) by vintage year and investment stage						
	Small/Mid-MBO – to Dec '09		Mid/Large MBO – to Dec '09		Venture – to Dec '09	
	No of funds	IRR (% pa)	No of funds	IRR (% pa)	No of funds	IRR (% pa)
1996	11	12.3	10	18.2	0	n/a
1997	12	6.8	12	14.8	10	21.1
1998	11	7.0	12	13.2	1	n/a
1999	12	9.9	14	8.6	9	-2.9
2000	13	18.4	12	20.3	11	-7.6
2001	14	27.4	16	28.1	12	-5.4
2002	6	26.0	7	31.2	12	2.3
2003	10	22.6	10	19.3	6	1.5
2004	6	29.7	6	35.5	2	n/a
2005	10	2.6	15	9.1	7	-6.6
<b>Total</b>	<b>105</b>	<b>14.1</b>	<b>114</b>	<b>17.2</b>	<b>70</b>	<b>-2.2</b>

Since-inception return to Dec 2009 – multiple to paid-in capital (%) by vintage year and investment stage									
	Small/Mid-MBO – to Dec '09			Mid/Large MBO – to Dec '09			Venture – to Dec '09		
	No of funds	Distributions (DPI)	Total Value (TVPI)	No of funds	Distributions (DPI)	Total Value (TVPI)	No of funds	Distributions (DPI)	Total Value (TVPI)
1996	11	158	160	10	189	195	0	n/a	n/a
1997	12	132	136	12	170	172	10	155	160
1998	11	138	141	12	171	177	1	n/a	n/a
1999	12	121	150	14	116	145	9	66	87
2000	13	162	175	12	148	197	11	22	66
2001	14	170	209	16	159	201	12	20	79
2002	6	159	201	7	151	186	12	43	108
2003	10	116	164	10	115	141	6	39	104
2004	6	113	178	6	120	200	2	n/a	n/a
2005	10	27	106	15	23	123	7	4	85
<b>Total</b>	<b>105</b>	<b>124</b>	<b>161</b>	<b>114</b>	<b>112</b>	<b>164</b>	<b>70</b>	<b>46</b>	<b>92</b>

**Medium to long-term return – IRR (%) by vintage year and investment stage**

	Small/Mid-MBO			Mid/Large MBO			Venture		
	No of funds	Five years	Three years	No of funds	Five years	Three years	No of funds	Five years	Three years
1996	11	-2.7	12.9	10	111.2	62.9	0	n/a	n/a
1997	12	5.1	17.0	12	57.7	29.7	10	-6.9	4.4
1998	11	20.3	21.0	12	47.5	30.8	1	n/a	n/a
1999	12	22.7	60.0	14	-3.4	24.5	9	-13.0	-1.1
2000	13	6.2	28.6	12	18.6	38.9	11	-7.4	-3.0
2001	14	22.4	52.9	16	19.6	43.9	12	-5.5	-4.1
2002	6	5.7	34.9	7	22.8	34.7	12	1.1	6.4
2003	10	27.7	37.2	10	10.9	25.1	6	8.8	3.4
2004	6	65.8	32.1	6	61.7	38.0	2	n/a	n/a
2005	10	2.5	n/a	15	6.0	n/a	7	-0.7	n/a
2006	20	7.4	n/a	21	-14.0	n/a	13	5.3	n/a
2007	22	n/a	n/a	22	n/a	n/a	12	n/a	n/a
2008	10	n/a	n/a	12	n/a	n/a	5	n/a	n/a
2009	9	n/a	n/a	6	n/a	n/a	7	n/a	n/a
<b>Total</b>	<b>166</b>	<b>11.5</b>	<b>26.1</b>	<b>175</b>	<b>4.6</b>	<b>18.2</b>	<b>107</b>	<b>-2.3</b>	<b>-0.8</b>

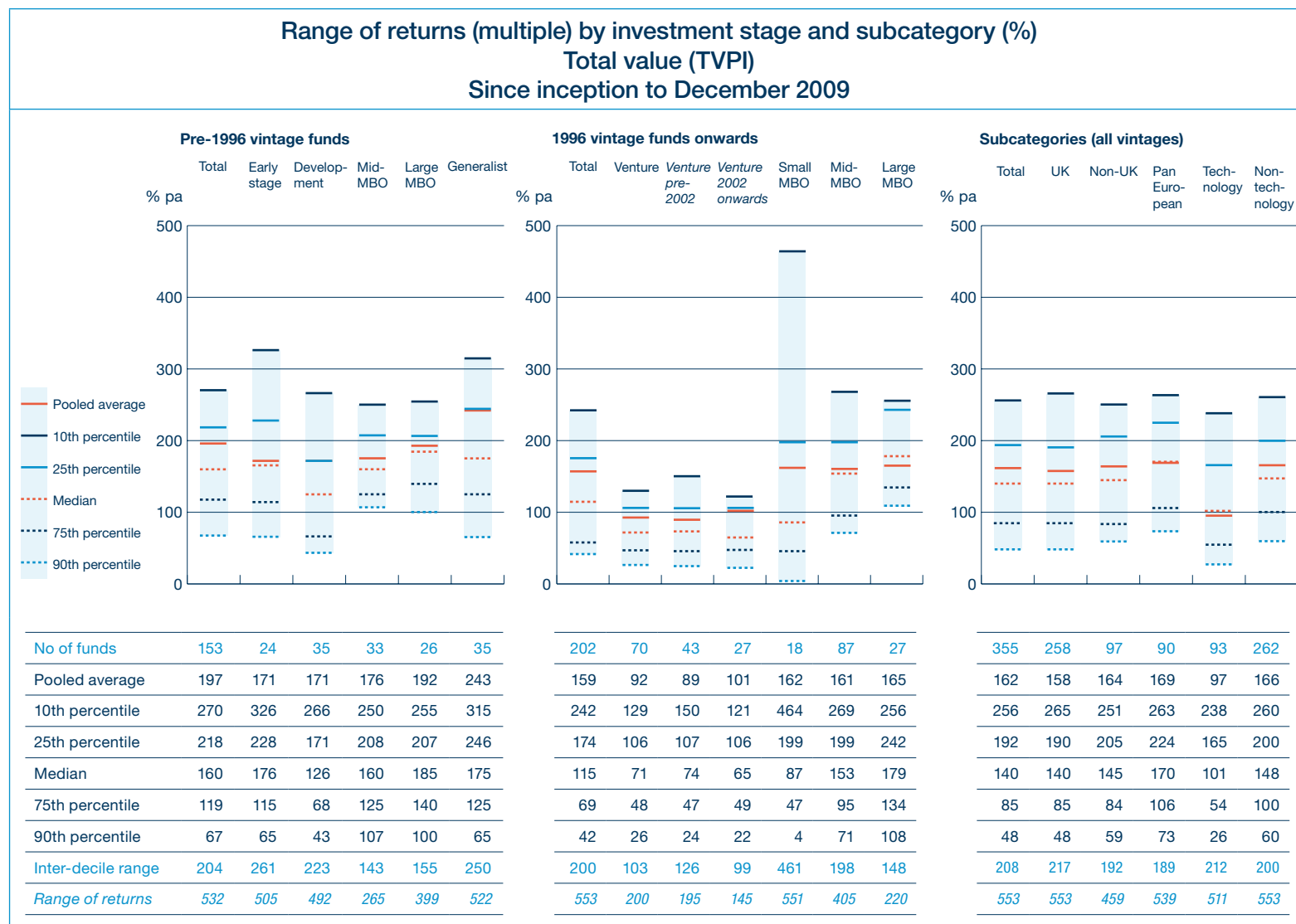
# Range of returns (IRR and multiple) since inception – investment stage and subcategory



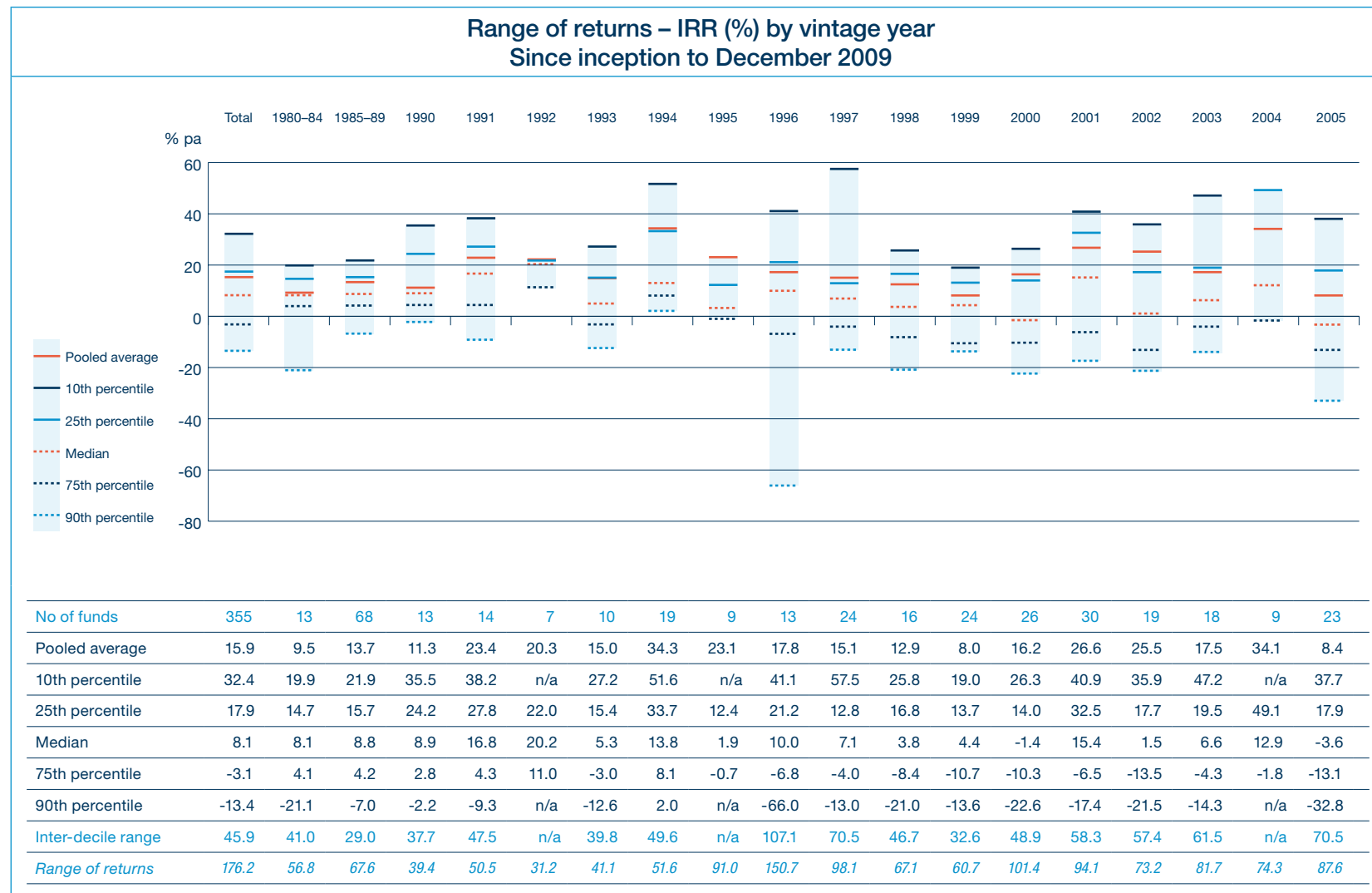
## Range of returns (multiple) by investment stage and subcategory (%) Distributions (DPI) Since inception to December 2009



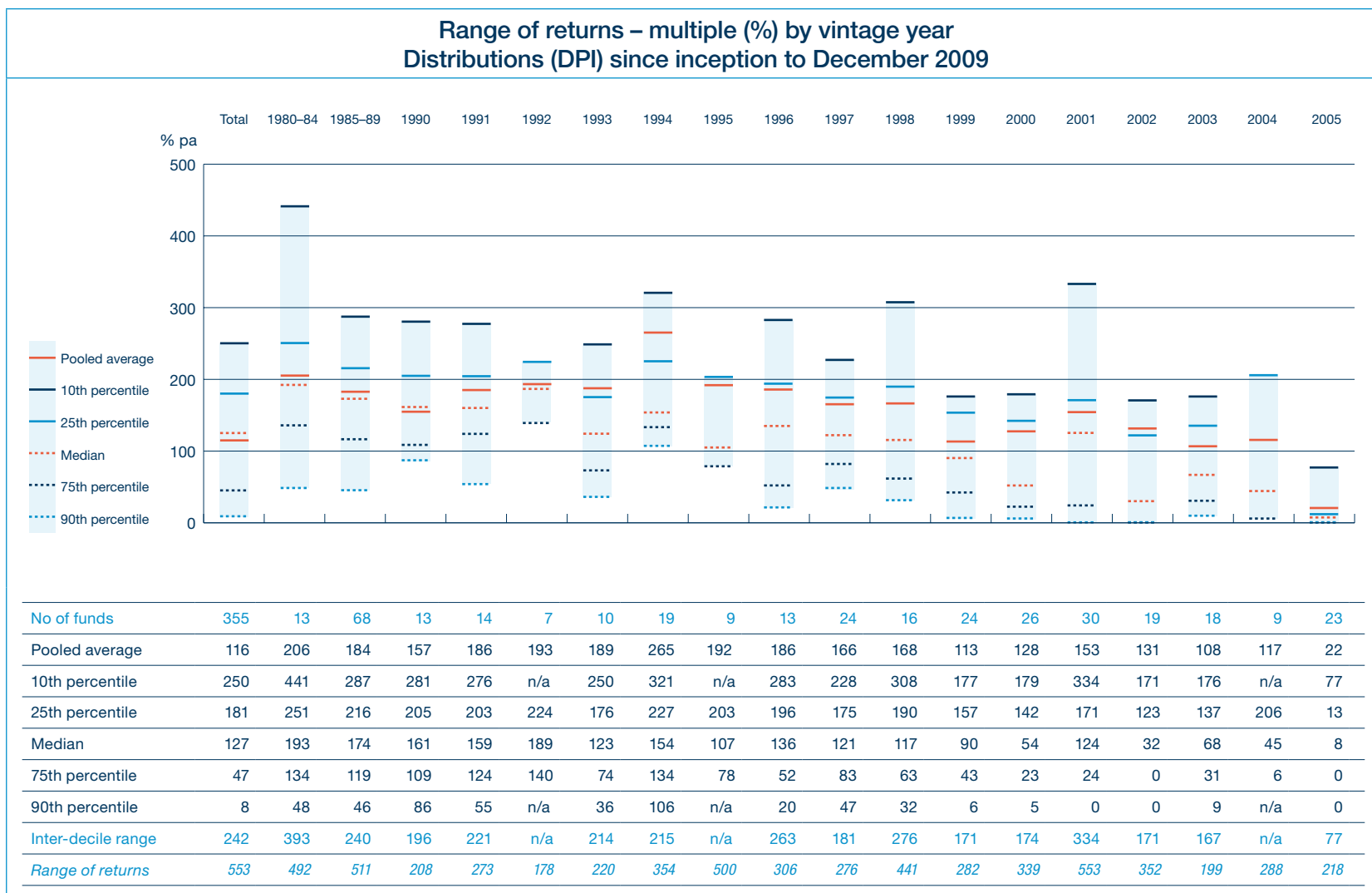
# Range of returns (IRR and multiple) since inception – investment stage and subcategory continued



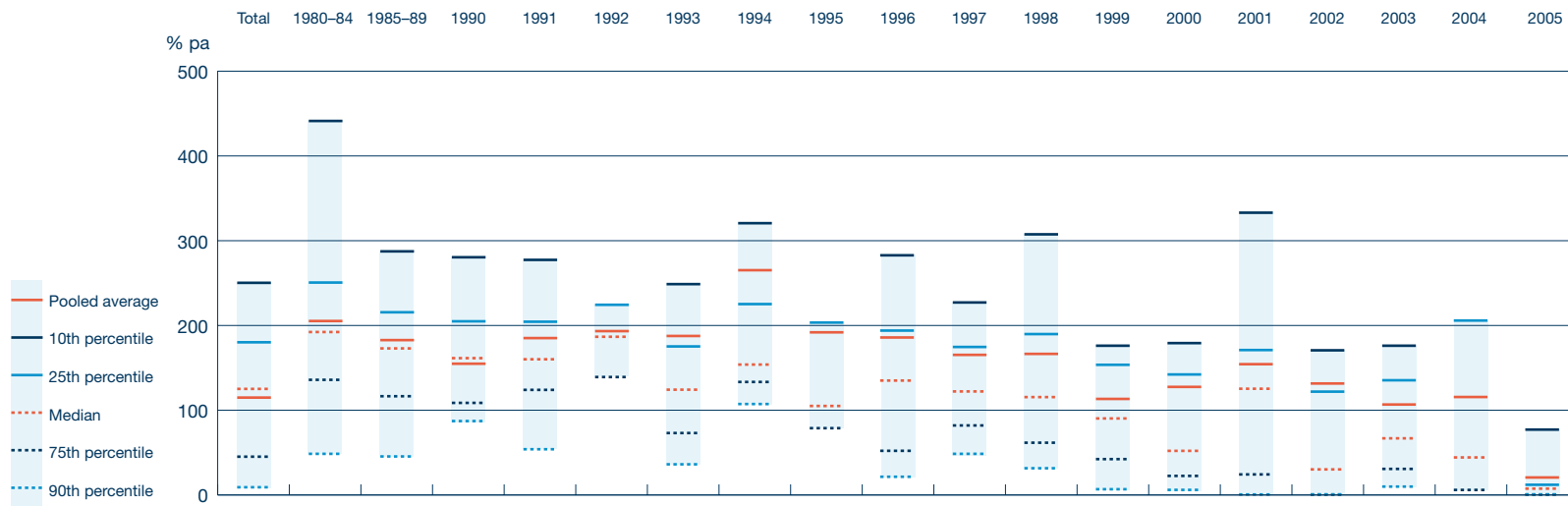
# Range of returns (IRR and multiple) since inception – vintage year



# Range of returns (IRR and multiple) since inception – vintage year continued

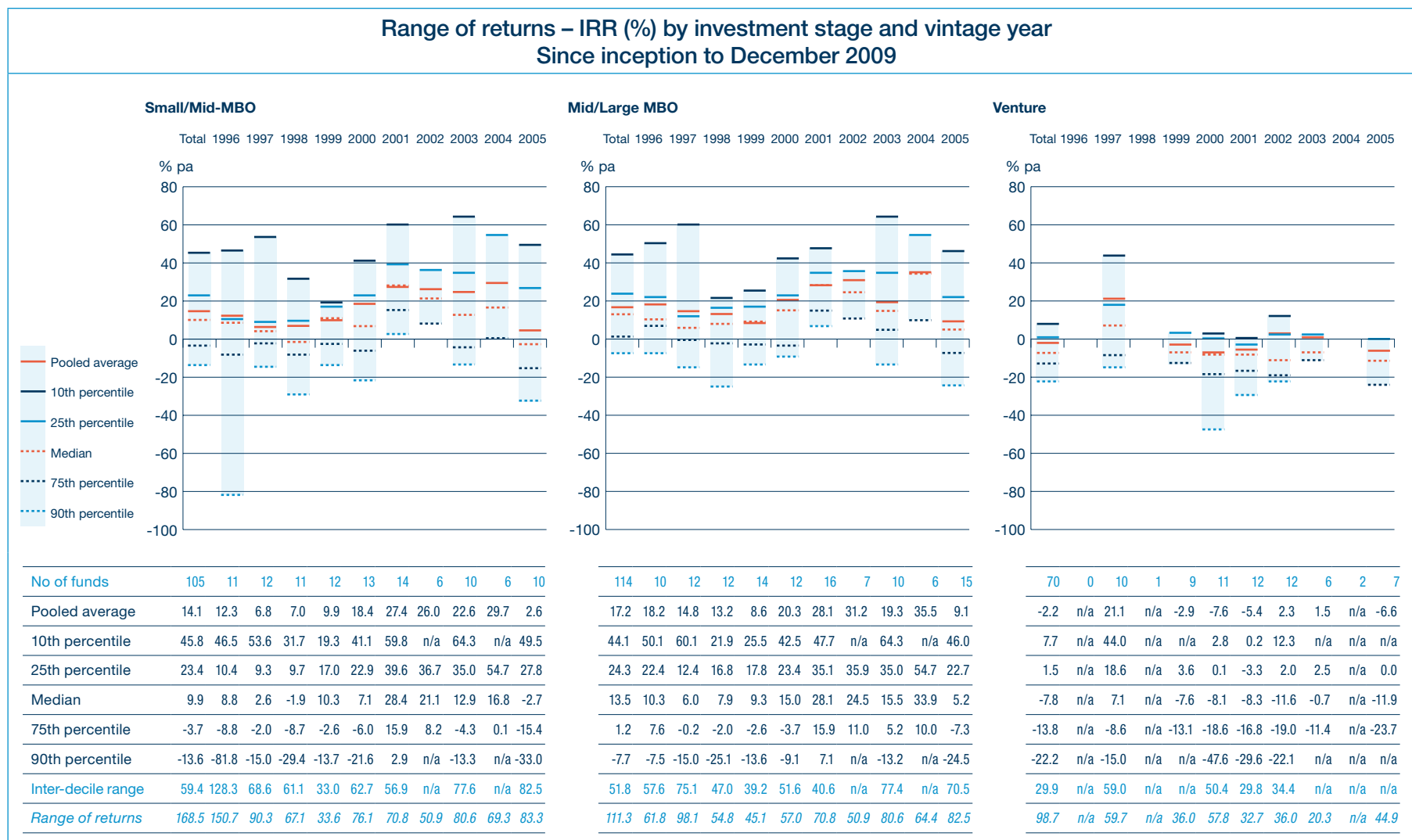


**Range of returns – multiple (%) by vintage year**  
**Total value (TVPI) since inception to December 2009**



	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
No of funds	355	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	9	23
Pooled average	162	206	185	157	186	193	189	265	192	192	168	174	141	175	196	171	138	196	121
10th percentile	256	441	287	281	276	n/a	250	321	n/a	288	228	308	211	231	354	227	220	n/a	203
25th percentile	192	251	216	205	203	224	176	227	204	200	178	199	167	153	208	162	154	266	150
Median	140	193	177	161	159	189	123	159	107	143	124	122	121	94	158	106	120	145	82
75th percentile	85	134	120	109	124	140	84	135	78	57	83	66	57	60	76	52	90	81	62
90th percentile	48	48	59	86	58	n/a	44	119	n/a	20	53	35	30	26	47	31	56	n/a	31
Inter-decile range	208	393	227	195	218	n/a	206	202	n/a	268	175	273	181	205	307	197	165	n/a	172
Range of returns	553	492	505	208	268	178	211	354	501	306	244	441	271	344	547	352	192	369	267

# Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year

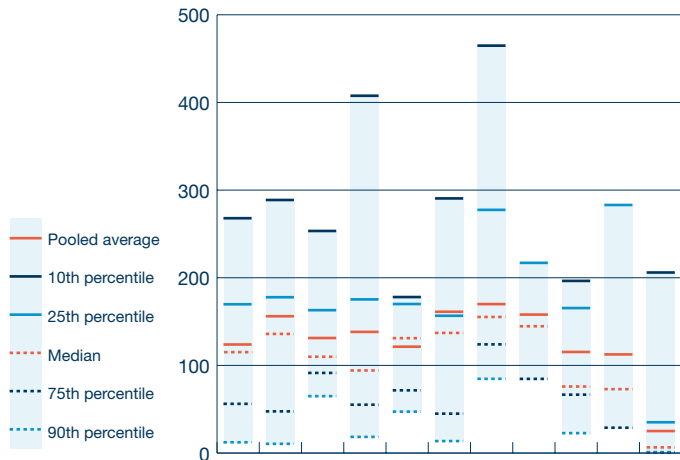


## Range of returns – multiple (%) by investment stage and vintage year Distributions (DPI) since inception to December 2009

### Small/Mid-MBO

Total 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

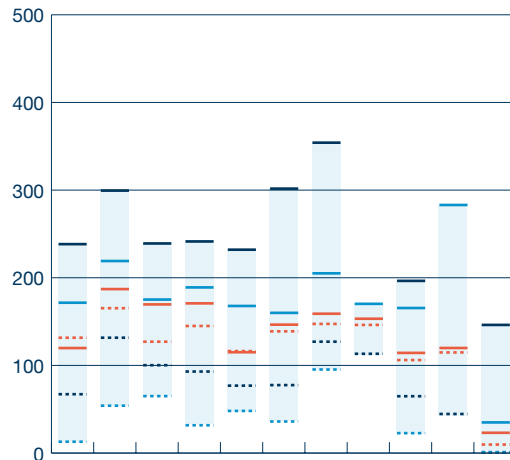
% pa



### Mid/Large MBO

Total 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

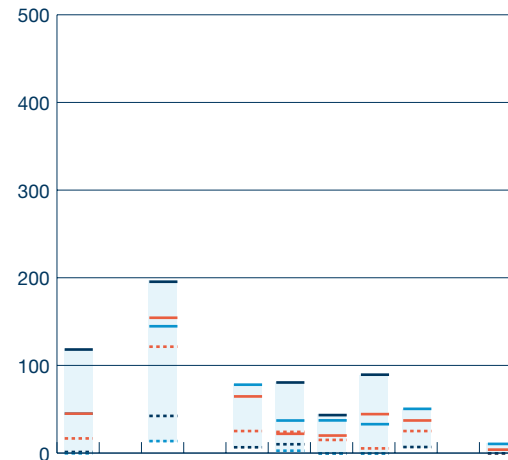
% pa



### Venture

Total 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

% pa

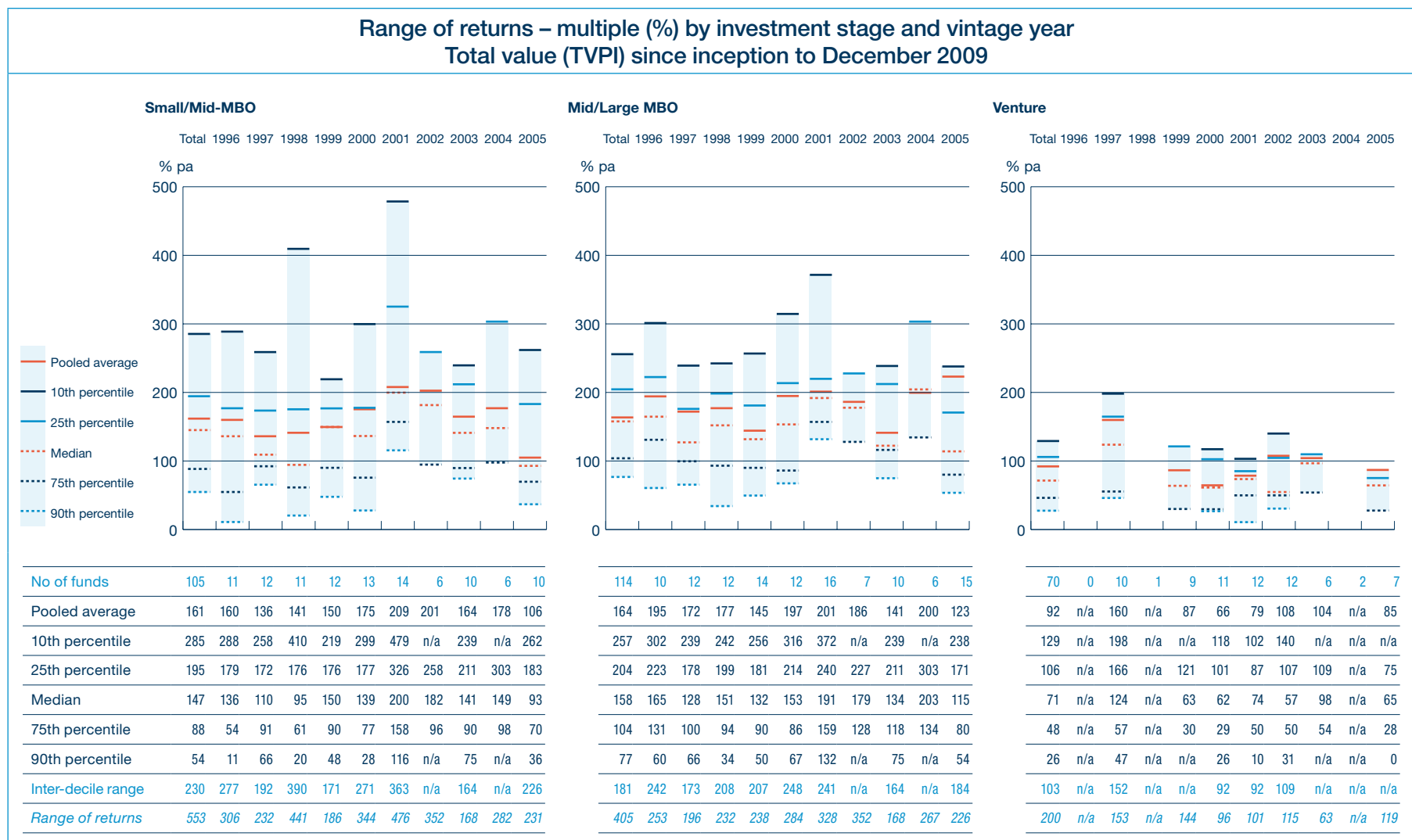


No of funds	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
Pooled average	124	158	132	138	121	162	170	159	116	113	27
10th percentile	267	288	253	410	179	290	467	n/a	197	n/a	206
25th percentile	170	179	163	176	170	158	279	216	166	283	35
Median	116	136	110	95	131	139	155	146	78	73	6
75th percentile	58	48	91	57	71	46	125	85	68	29	0
90th percentile	12	10	65	19	47	14	86	n/a	24	n/a	0
Inter-decile range	255	277	188	391	132	276	381	n/a	173	n/a	206
Range of returns	553	306	227	441	137	339	489	352	180	277	218

No of funds	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
Pooled average	112	189	170	171	116	148	159	151	115	120	23
10th percentile	239	301	239	242	232	302	354	n/a	197	n/a	146
25th percentile	171	220	175	190	169	160	205	171	166	283	37
Median	131	165	128	144	118	140	149	148	107	116	10
75th percentile	69	131	100	94	78	79	128	113	67	43	0
90th percentile	13	54	65	34	48	37	95	n/a	23	n/a	0
Inter-decile range	227	247	173	208	184	265	259	n/a	173	n/a	146
Range of returns	381	260	196	232	238	303	317	352	180	253	218

No of funds	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
Pooled average	46	n/a	155	n/a	66	22	20	43	39	n/a	4
10th percentile	118	n/a	197	n/a	n/a	81	44	89	n/a	n/a	n/a
25th percentile	46	n/a	148	n/a	78	39	38	33	50	n/a	11
Median	18	n/a	121	n/a	25	27	18	4	25	n/a	0
75th percentile	1	n/a	47	n/a	6	10	0	0	7	n/a	0
90th percentile	0	n/a	13	n/a	n/a	2	0	0	n/a	n/a	n/a
Inter-decile range	118	n/a	184	n/a	n/a	79	44	89	n/a	n/a	n/a
Range of returns	198	n/a	189	n/a	139	86	45	96	63	n/a	28

# Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year continued



# Capital raised and realised

## By investment stage and subcategory to year end December 2009

				Distributions		Residual value		Total value	
	No of funds	Capital raised (£m)	Paid-in capital (£m)	(£m)	%	(£m)	%	(£m)	%
<b>Pre-1996 vintage funds</b>									
Early Stage	24	344	343	567	165	20	6	587	171
Development	35	528	528	903	171	3	1	906	172
Mid-MBO	33	1,194	1,174	2,060	175	1	0	2,061	176
Large MBO	26	3,722	3,605	6,934	192	2	0	6,936	192
Generalist	35	1,450	1,439	3,479	242	19	1	3,498	243
<i>Subtotal pre-1996</i>	<i>153</i>	<i>7,239</i>	<i>7,090</i>	<i>13,943</i>	<i>197</i>	<i>45</i>	<i>1</i>	<i>13,988</i>	<i>197</i>
<b>1996 vintage funds onwards</b>									
Venture	107	7,705	5,752	2,170	38	3,271	57	5,441	95
Small MBO	35	2,461	1,641	1,615	98	913	56	2,528	154
Mid-MBO	131	40,803	24,923	23,300	93	12,659	51	35,959	144
Large MBO	44	116,521	68,490	48,107	70	45,180	66	93,287	136
<i>Subtotal 1996 onwards</i>	<i>317</i>	<i>167,490</i>	<i>100,806</i>	<i>75,192</i>	<i>75</i>	<i>62,024</i>	<i>62</i>	<i>137,216</i>	<i>136</i>
<b>Grand total all funds</b>	<b>470</b>	<b>174,729</b>	<b>107,896</b>	<b>89,135</b>	<b>83</b>	<b>62,069</b>	<b>58</b>	<b>151,204</b>	<b>140</b>
<b>Subcategories (all vintages)</b>									
UK	329	29,849	23,813	28,652	120	6,709	28	35,361	148
Non-UK	141	144,880	84,083	60,483	72	55,360	66	115,843	138
Pan-European	135	142,494	84,187	66,917	79	52,072	62	118,989	141
Technology	120	7,041	5,316	2,400	45	2,853	54	5,253	99
Non-Technology	350	167,688	102,580	86,735	85	59,217	58	145,952	142

## Capital raised and realised continued

### By vintage year to year end December 2009

	No of funds	Capital raised (£m)	Paid-in capital (£m)	Distributions		Residual value		Total value	
				(£m)	%	(£m)	%	(£m)	%
1980–84	13	165	165	338	205	0	0	338	205
1985–89	68	2,475	2,473	4,547	184	29	1	4,576	185
1990–94	63	3,731	3,595	7,412	206	14	0	7,426	207
1995	9	868	858	1,646	192	1	0	1,647	192
1996	13	1,471	1,413	2,634	186	87	6	2,721	193
1997	24	4,350	4,085	6,765	166	119	3	6,884	169
1998	16	5,625	5,119	8,604	168	314	6	8,918	174
1999	24	5,727	5,373	6,087	113	1,484	28	7,571	141
2000	26	8,084	7,958	10,170	128	3,770	47	13,940	175
2001	30	15,221	14,644	22,455	153	6,217	42	28,672	196
2002	19	3,358	2,850	3,731	131	1,152	40	4,883	171
2003	18	7,342	6,630	7,160	108	2,015	30	9,175	138
2004	9	1,901	1,414	1,647	116	1,125	80	2,772	196
2005	23	24,249	18,646	4,185	22	18,436	99	22,621	121
2006	40	36,393	18,615	975	5	13,352	72	14,327	77
2007	38	22,987	9,971	673	7	10,136	102	10,809	108
2008	20	23,736	3,554	104	3	3,256	92	3,360	95
2009	17	7,045	533	2	0	561	105	563	106
<b>Total</b>	<b>470</b>	<b>174,728</b>	<b>107,896</b>	<b>89,136</b>	<b>83</b>	<b>62,069</b>	<b>58</b>	<b>151,205</b>	<b>140</b>

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Across all vintages and stages from when BVCA records began in 1980 to December 2009, BVCA funds have raised £175 billion for investment. However, the fundraising environment has clearly become tougher following the credit crisis. The total amount of capital raised by the 2009 vintage funds was just over £7 billion, a significant decline from the £24 billion raised by the 2008 vintage funds.\*

The tables on capital raised and realised show the ratio of distributions made to paid-in capital, the residual value of the funds to paid-in capital and the total value created to paid-in capital. In most cases, capital is paid into funds over a number of years as deals arise.

Of the capital raised, £108 billion was drawn down by the funds. This indicates an amount over £65 billion available for the investment. Of the capital paid in, £89 billion has been returned to investors and £62 billion is retained in portfolio as unrealised value. The total value (distribution plus residual value) as a percentage of paid-in capital is 140%. The percentage goes up to 162% if only funds that are more than four years old are included.

\* Please note the capital raised figures reported in this report are not comparable with the capital raised figures in the BVCA Investment Activity Report for the same period. Firstly, this report examines only the UK-based unlisted funds that raise capital from the third party investors, whereas the Investment Activity Report covers not only these funds but also VCTs and listed private equity vehicles. Secondly, this report only includes the funds which have made its first capital call from its investors. Furthermore, it is the total amount raised by these funds that are reported, not just the amount raised in a particular year (2009 in this case). The investment activity report, on the other hand, considers only the amount raised in the relevant year irrespective of the timing of the first capital call. For example, consider Fund A, which started fundraising in 2008, raised £200 million in 2008 and £100 million in 2009, and made a capital call in July 2009. The Investment Activity Report 2009 would have included only the £100 million raised in 2009 (the £200 million raised in 2008 should have been covered by the 2008 report). The Performance Measurement Report 2009 would have included this fund for the first time in its 2009 vintage sub-category and report the total amount raised, i.e. the £300 million (the fund would not have been reported in Performance Measurement Report 2008)."

# Appendix I – Methodology

## The Survey – Introduction

PricewaterhouseCoopers, in conjunction with Capital Dynamics and the BVCA, carried out the BVCA Performance Measurement Survey for the year ended 31 December 2009. The survey highlights the performance of ‘independent’ UK private equity funds – funds raised from external investors for investment into businesses at the venture capital (early stage and development) and private equity (MBO) stages (and managed from the manager’s UK office), but excluding investments made from the fund manager’s own balance sheet. It also excludes private equity investment trusts (PEITs) and venture capital trusts (VCTs), although PEITs are shown as a separate category.

This is the sixteenth annual set of performance results that the BVCA has published.

## Methodology

The survey utilises a questionnaire sent by PricewaterhouseCoopers International Survey Unit (ISU) to BVCA UK member

funds that raise money from institutional investors (the ‘independents’).

Those firms that responded to the survey for 2009 represented 100% of UK-based funds managed by BVCA member firms that raise money from institutional investors. The survey incorporates the results of 470 private equity funds – the most comprehensive to date. We therefore believe that it is the most complete country-specific survey on the performance of private equity funds in the world.

Capital Dynamics was responsible for verifying the data with the private equity funds, where appropriate, correcting the data on verification and returning the corrected questionnaires to the ISU for data inputting.

The BVCA managed and assisted with the project, from the gathering of data through to editing the final report.

The results of the survey have been analysed, both by investment stage and by vintage year. Further analysis has been

included to consider the performance of UK and non-UK funds and also to review the overall performance of technology funds. As previously stated, we also show the returns from PEITs as an entirely separate category.

To reflect changes in the market, funds set up from 1996 onwards have been reclassified into four investment stage categories: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories, that is, Early Stage, Development, Mid-MBO, Large MBO and Generalist. This is reflected in the tables accordingly.

UK private equity returns are compared in the report with the FTSE 100 and FTSE All-Share indices, data supplied by The WM Company (WM) on UK pension funds and various other indices. Care should be taken in comparing the statistics provided by WM on UK pension funds with private equity results. The return quoted for private equity funds is the

internal rate of return to investors, net of costs and fees. Returns for WM Pension Fund Universes and indices, however, are gross time-weighted returns.

## Eligibility criteria

The survey shows the aggregate returns produced between 1980 and 2008 by independent private equity UK-based funds managed by UK private equity firms that are members of the BVCA. Non-UK and technology-focused funds are included. VCTs and funds not open to external investors have been excluded from the survey. Although quoted PEITs are excluded from the main analysis, they are shown as an entirely separate category for comparison purposes.

The BVCA represents the vast majority of private equity and venture capital in the UK. Full members, such as those included in this survey, are UK-based private equity firms, which manage private equity funds from the UK. Funds managed by former members of the BVCA have been included where

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information has been available, but these are few and most are no longer active in the private equity industry. Firms that have never been members of the BVCA are not included.

### Calculation of return

The returns are derived from cash flows and valuations of funds at the relevant period year-ends and the calculation of the change between them on a per annum (pa) basis.

The measurement of performance in this survey is the internal rate of return (IRR), a widely used measure of performance and comparable with similar studies of private equity fund returns in the US and Europe, which are both time- and money-weighted. The return represents the 'net' return to investors after costs and fees. Provision is made for performance fees that would have been payable if the valuation had been realised at the balance-sheet date. Returns for WM Pension Fund Universes and indices,

supplied by WM, are gross time-weighted returns (TWR).

The IRR is used as the appropriate performance measure for venture capital and private equity, due to the high level of discretion of the manager in determining cash flows, to and from the investor, and the difficulty in determining portfolio valuations at the date of these cash flows. TWR calculations require frequent and easily obtained revaluations and assume a low level of manager discretion in the timing of cash flows. The CFA (Chartered Financial Analyst) Institute (formerly known as AIMR – Association for Investment Management and Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital performance.

### Private equity investment trusts

The performance of the quoted PEITs has been calculated by Fundamental Data ([www.funddata.com](http://www.funddata.com)).

### Valuations

The survey is based on cash flows and valuations supplied by each participating fund. PricewaterhouseCoopers has stipulated that these be based on the International Private Equity and Venture Capital Valuation Guidelines, produced by the BVCA, EVCA and AFIC (the French national association) and which were introduced in March 2005.

However, as noted on page 68 under 'Disclaimer', PricewaterhouseCoopers has not independently checked the valuation data, nor confirmed that the International Private Equity and Venture Capital Valuation Guidelines have been adhered to. Seventy per cent of the funds surveyed contain unrealised investments, which are usually stated at fair value in accordance with these Guidelines, and which give a return in an interim measure of performance.

### Confidentiality

The data for this survey was provided by BVCA members on the basis that no

data relating to any individual member or fund would be seen by any other member, including those on the BVCA Investor Relations Committee, or by another person or organisation other than PricewaterhouseCoopers or Capital Dynamics (unless members specified otherwise) other than in the anonymous and aggregate form in which it is published.

# Appendix II – Glossary of terms

## Capital raised (or ‘funds raised’)

Capital committed by investors (capital they have agreed to subscribe). This will not usually all be paid in at one time.

## Inception/since inception

The period from a fund’s first drawdown up to a particular point in time, that is, 31 December. Funds measured thus are at least four years old.

## Investment stage and general fund investment profile

### Pre-1996 vintage funds

#### ‘Early Stage’

Invests in companies in the seed (concept), start-up (within three years of a company’s establishment) and early stages of development.

#### ‘Development’

Invests in expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc. and small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested.

### ‘Mid-MBO’

Invests in management buyouts and buy-ins with £10 million to £100 million of equity invested.

### ‘Large MBO’

Invests in management buyouts and buy-ins with more than £100 million of equity invested.

### ‘Generalist’

Invests in companies at a variety of stages of development.

### 1996 vintage funds onwards\*

#### ‘Venture’

Invests in companies in the seed (concept), start-up (within three years of a company’s establishment) and early stages of development.

#### ‘Small MBO’

Invests in small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested. This category also includes development capital for expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc.

## Subcategories – all vintages

### ‘Technology’

Invests primarily (at least 60% of the fund) in technology companies.

### ‘Non-UK’

Invests primarily (at least 60% of the fund) in companies outside the UK.

### ‘Pan-European’

Invests in more than two European countries.

## IRR – see Return

## Multiple

The distributed (DPI) is the total amount distributed to investors as a percentage of paid-in capital.

The total value multiple (TVPI) is the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital.

## Net and gross returns

All private equity returns quoted are the net returns of investors, after all costs and fees. Returns for the WM All Funds Universe and indices, shown as ‘Principal

Comparators’, however, are gross time-weighted returns.

## Not applicable

Due to the small number of private equity funds in some periods and the need for confidentiality, some ranges are marked not applicable – that is, n/a.

## Paid-in capital

Capital that has actually been paid into the fund by investors.

## Percentile ranking

Percentile rankings indicate the position occupied by a portfolio return in a particular universe. A ranking of the nth percentile means that n% of funds achieved a return greater than or equal to that fund’s return. See also ‘range of returns’.

## Principal comparators

The principal comparators are the FTSE UK Equity and FTSE World and Europe (ex-UK) Indices and the UK Equity, Overseas Equity and total assets returns of the WM All Funds Universe. The figures are detailed in Appendix III of this report.

\* Please see ‘Reclassification of Investment Stages for Vintage 1996 Onwards’ on page 11.

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### Range of returns: quartiles/deciles/percentiles

The 'range of returns' represents the results of a universe of portfolios constructed for the purposes of comparing performance. Within each range, a portfolio's results are defined in terms of a percentile ranking. Ranges can be subdivided by quartiles, deciles and percentiles. The range between the tenth and ninetieth percentile is known as the 'interdecile' range.

#### Top decile

Tenth percentile – 10% of the funds have an equal or higher return than this value.

#### Upper quartile

Twenty-fifth percentile – 25% of the funds have an equal or higher return than this value.

#### Median

Fiftieth percentile – The return of funds in the middle of the ranking.

#### Lower quartile

Seventy-fifth percentile – 75% of the funds have an equal or higher return than this value.

#### Bottom decile

Ninetieth percentile – 90% of the funds have an equal or higher return than this value.

#### Pooled average

IRR or return for the total sample of funds being analysed.

#### Return

The annualised internal rate of return (IRR) achieved over a period of time, based upon the portfolio cash flows and valuations. The cash flows used in the calculations are the total actual fund cash flows and the returns are therefore time-weighted and money-weighted. This type of calculation is often referred to as 'time line basis' (see also Methodology 'Calculation of Return' on page 37).

#### Total return

Aggregate of all cash flows.

#### Universe

A group of similar portfolios assembled to provide a benchmark against which the performance of an individual portfolio may be compared. Any such universe should comprise portfolios with similar investments and objectives, and the same domicile and tax status.

#### Valuations

This refers to the assessed value of the unrealised part of the portfolio, which is assumed to be realised at 31 December 2009 in the return calculation. This assessment is carried out in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

#### Vintage year

Year of fund's first closing, that is, the year in which a fund has raised an initial sum of money with which to commence its investment programme.

#### WM All Funds Universe

The WM All Funds Universe is the largest available universe of UK pensions funds. It represents some two-thirds of the UK defined benefit pension industry by value.

#### Weighted average (Principal comparators)

The aggregate returns of a number of like portfolios, the results of which are used for comparing performance. The weighted average for a number of portfolios is calculated by weighting each individual portfolio's return by the proportion (by the average value of investment over the period) of the combined total that it represents.

## Appendix III – Principal comparators and asset class overview

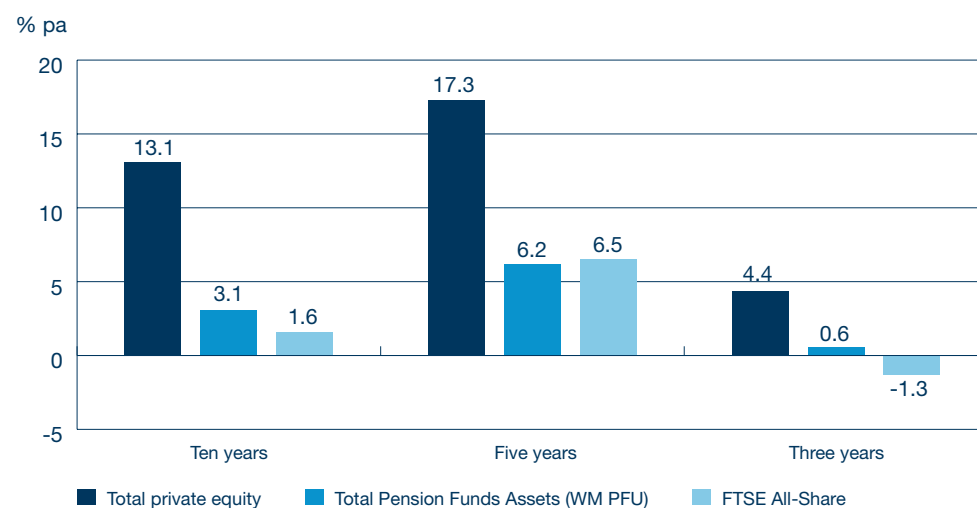
UK private equity returns are compared in this report with the FTSE 100, the FTSE All-Share Index, other indices and data supplied by WM on returns from UK pension funds in aggregate.

Care should be taken in comparing the statistics on UK pension funds with private equity returns – they are provided for indicative purposes only. The performance of private equity funds is measured by the internal rate of return (IRR) to investors, net of costs and fees. Returns from the WM Pension Fund Universe and from indices, however, are gross time-weighted returns (TWR).

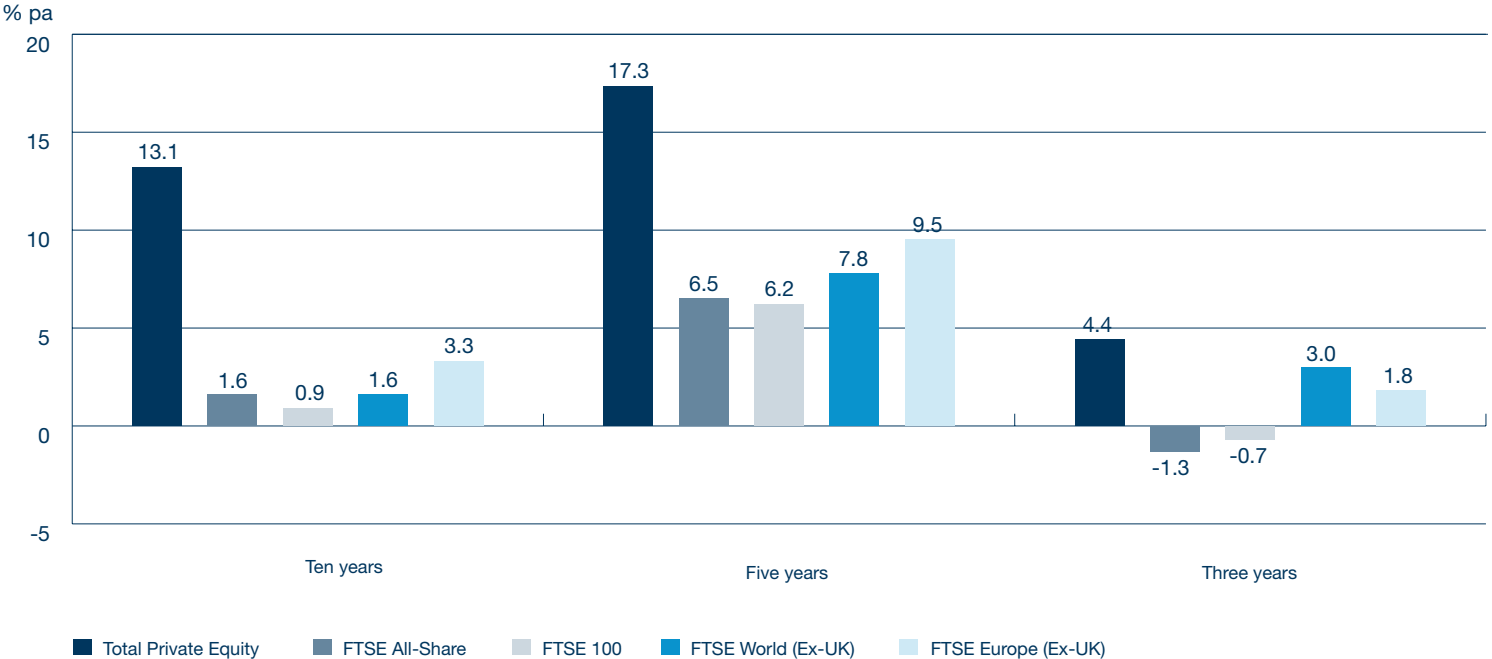
### Pension fund performance

The WM All-Funds is the largest available universe of UK pension funds. It represents two-thirds of the UK defined benefit funds by value.

Summary of UK PE performance vs. principal comparators



Principal comparators' return (% pa)  
UK pension funds (WM All Funds Universe)



## Appendix III – Principal comparators and asset class overview continued

Current year and longer term returns – IRR (% pa) by investment stage and subcategory					
	No of funds	Ten years	Five years	Three years	2009
Pre-1996 vintage funds*	153	22.2	38.9	74.9	-32.2
<b>1996 vintage funds onwards</b>					
Venture	107	-4.8	-0.8	-2.3	-8.7
<i>pre-2002 vintage funds</i>	43	-7.3	-3.2	-7.4	-18.1
<i>2002 vintage funds onwards</i>	64	n/a	2.3	3.0	-1.2
Small MBO	35	18.3	85.1	16.0	28.1
Mid-MBO	131	13.2	24.5	11.2	-3.6
Large MBO	44	15.0	15.9	2.8	2.9
<i>Subtotal 1996 onwards</i>	<i>317</i>	<i>12.8</i>	<i>17.2</i>	<i>4.3</i>	<i>1.2</i>
<b>Grand total all funds</b>	<b>470</b>	<b>13.1</b>	<b>17.3</b>	<b>4.4</b>	<b>1.1</b>
<b>Subcategories (all vintages)</b>					
UK	329	8.8	15.6	3.1	-7.7
Non-UK	141	14.9	17.6	4.6	2.3
Pan-European	135	15.3	18.4	4.7	1.1
Technology	120	-2.9	-0.6	-2.2	-9.8
Non-Technology	350	14.2	18.6	4.7	1.7
Investment Trusts**	21	-1.3	-2.4	-12.7	-25.6

\* The time period returns for the pre-1996 vintage funds are shown only in their summary form and should be interpreted with special care. As the majority of these funds have either been wound up or retain only minimal residual values, a small number of positive exit events or write-offs can cause large swings in their short-term returns. The weight of money in this group now has little impact on the returns of the total sample.

\*\* Annualised weighted average total net asset value return, calculated by Fundamental Data, [www.funddata.com](http://www.funddata.com)

**Principal comparators' return (% pa)  
UK pension funds (WM All Funds Universe)**

	<b>Ten years</b>	<b>Five years</b>	<b>Three years</b>	<b>2009</b>
UK equities	1.8	6.2	-1.7	29.2
Overseas equities	1.9	8.0	1.8	22.5
UK bonds	5.5	4.2	3.8	6.6
Overseas bonds	7.3	7.1	9.8	6.8
Index-linked	7.4	6.5	7.0	7.6
Cash	5.2	4.8	4.3	2.7
Alternatives	6.6	7.9	2.8	-7.2
Property	6.2	1.3	-9.4	-0.8
<b>Total assets</b>	<b>3.1</b>	<b>6.2</b>	<b>0.6</b>	<b>15.1</b>
<b>FTSE indices</b>				
FTSE All-Share	1.6	6.5	-1.3	30.1
FTSE 100	0.9	6.2	-0.7	27.3
FTSE 250	6.7	9.0	-3.1	50.6
FTSE SmallCap	1.5	2.7	-8.2	54.3
techMARK All-Share*	-4.1	5.6	2.3	24.9
FTSE World (ex-UK)	1.6	7.8	3.0	20.6
FTSE Europe (ex-UK)	3.3	9.5	1.8	20.1
<b>Inflation indices</b>				
Retail Price Index	2.7	2.8	2.4	2.4
Average earnings	3.6	3.3	2.7	2.6

Source: The WM Company Annual Review of UK Pension Funds 2009 – all comparator figures with the exception of techMARK.

N.B. 'Alternatives' was formerly known as 'Other'.

\* Calculated using indices supplied by The London Stock Exchange which exclude dividends.

## Appendix IV – Range of returns (IRR) medium to long term

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This appendix shows the range of returns (IRRs) over the longer term – three-, five- and ten-year periods. The range of returns ‘since inception’ is the most appropriate measurement for private equity and these are shown on pages 26–34 of the main report.

It is important to note that the shorter the time period measured, the more volatile the returns are likely to be. The most probable cause of extreme numbers is the realisation of assets at prices that differ significantly from previous valuations. The more extreme numbers are likely to occur where the time period measured is short, or where funds in older vintages realise their last remaining assets from a small residual carrying value.

Put simply, an investment with an original cost of £1 might be valued at £0.50. If the investment subsequently failed, the loss of £0.50 of value would record as -100% over whatever time period was measured. If the investment had been sold at cost, say nine months later, the return in the period would be in excess of 150% on an annualised basis.

It should also be noted that the ‘Pooled Average’ return in the ‘Total’ column in the following tables is the return for all funds that were in existence at the beginning of the measurement period (e.g. the ‘Pooled Average’ return for funds over five years is calculated by measuring the aggregate performance of all funds that were in existence on 1 January 2004 for the five-year period from 1 January 2004 to 31 December 2009). This differs from the Medium to Long-Term Return tables, which calculate the five-year returns on all funds in the survey at 31 December 2009, regardless of their vintage year. The same principle applies to the three- and ten-year returns.

The top decile and bottom decile are excluded from the range to produce a range that excludes exceptionals. This is known as the ‘interdecile’ range.

Where there are fewer than ten funds in a sample, the 10th and 90th percentile are denoted n/a (not applicable) in the following tables.

## Appendix IV – Range of returns (IRR) medium to long term – three years

Range of returns (IRR) by investment stage and subcategory (% pa) – three years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	General-ist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-European	Technol-ogy	Non-Technol-ogy
No of funds	153	24	35	33	26	35	242	83	24	101	34	395	284	111	103	103	292
Pooled average	74.9	1.1	-7.8	-57.4	-6.9	321.1	4.4	-2.5	15.3	14.0	2.3	4.5	5.4	4.4	4.6	-2.3	4.9
10th percentile	0.0	2.4	0.0	0.0	12.0	0.0	53.2	11.8	60.7	90.9	53.3	37.8	28.4	50.3	54.9	10.0	52.1
25th percentile	0.0	0.0	0.0	0.0	0.0	0.0	16.3	2.8	43.8	35.8	27.3	4.0	0.0	17.3	19.9	0.0	9.3
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.9	0.0	1.1	7.3	0.0	0.0	0.0	0.0	0.0	0.0
75th percentile	0.0	0.0	0.0	0.0	0.0	0.0	-16.1	-19.6	-12.0	-17.5	-10.0	-8.6	-10.2	-6.8	-7.7	-13.1	-5.4
90th percentile	0.0	0.0	0.0	-27.8	-14.4	-1.7	-33.9	-30.6	-28.8	-43.6	-39.2	-29.9	-30.3	-28.5	-30.6	-30.4	-29.3
Inter-decile range	0.0	2.4	0.0	27.8	26.4	1.7	87.1	42.5	89.5	134.4	92.5	67.7	58.7	78.8	85.5	40.4	81.4
<i>Range of returns</i>	<i>275.2</i>	<i>47.1</i>	<i>143.9</i>	<i>273.5</i>	<i>248.2</i>	<i>32.9</i>	<i>345.9</i>	<i>96.9</i>	<i>287.2</i>	<i>265.8</i>	<i>317.7</i>	<i>350.6</i>	<i>350.6</i>	<i>317.7</i>	<i>317.7</i>	<i>96.9</i>	<i>350.6</i>

Range of returns (IRR) by vintage year (% pa) – three years

	Total	1980–84	1985–89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
No of funds	395	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	9	23	40
Pooled average	4.5	0.0	7.5	20.2	-17.9	0.0	-58.9	-9.8	n/a	117.6	41.3	43.0	-4.0	13.3	18.4	16.6	10.4	58.2	5.6	-12.9
10th percentile	37.8	0.0	0.0	24.5	0.0	0.0	3.6	16.1	n/a	67.9	112.7	125.6	34.7	37.4	77.4	35.3	71.7	n/a	47.8	38.2
25th percentile	4.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	2.0	33.3	53.8	7.4	14.3	34.3	7.0	23.4	46.1	10.8	4.1
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.1	-10.9	0.0	9.3	-6.8	8.3	14.7	0.0	-4.7
75th percentile	-8.6	0.0	0.0	-2.4	0.0	0.0	-8.2	-3.7	-13.3	-19.1	-32.3	-34.1	-29.6	-17.7	-10.5	-19.6	-6.5	-4.0	-13.1	-16.4
90th percentile	-29.9	0.0	0.0	-66.3	0.0	0.0	-84.0	-43.8	n/a	-80.0	-42.3	-63.2	-58.5	-29.5	-25.7	-26.7	-28.2	n/a	-34.6	-28.8
Inter-decile range	67.7	0.0	0.0	90.7	0.0	0.0	87.5	60.0	n/a	148.0	154.9	188.8	93.2	66.8	103.1	62.0	99.8	n/a	82.4	67.0
<i>Range of returns</i>	<i>350.6</i>	<i>0.0</i>	<i>175.7</i>	<i>129.9</i>	<i>0.0</i>	<i>0.0</i>	<i>93.3</i>	<i>248.2</i>	<i>149.4</i>	<i>165.2</i>	<i>315.4</i>	<i>259.0</i>	<i>132.0</i>	<i>193.2</i>	<i>288.6</i>	<i>123.6</i>	<i>146.7</i>	<i>182.8</i>	<i>235.1</i>	<i>210.3</i>

Note: Approximately two-thirds of the pre-1996 vintage funds have been fully realised for some time and show no activity over the three-year period in particular. This explains why so many of the percentile categories for this group are shown as zero.

## Appendix IV – Range of returns (IRR) medium to long term – five years

Range of returns (IRR) by investment stage and subcategory (% pa) – five years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	General-ist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-European	Technol-ogy	Non-Technol-ogy
No of funds	153	24	35	33	26	35	179	63	17	78	21	332	249	83	76	87	245
Pooled average	38.9	-1.0	5.2	-28.2	32.1	80.8	33.4	-1.0	141.6	36.8	36.1	33.4	24.2	36.3	37.7	-1.1	36.9
10th percentile	12.3	39.2	2.0	8.1	47.0	84.4	84.5	15.2	112.7	110.4	82.1	57.8	57.2	59.3	95.6	10.7	73.5
25th percentile	0.0	0.0	0.0	0.0	0.0	0.0	38.2	5.8	35.2	56.4	47.5	21.0	11.0	37.5	45.7	0.0	33.8
Median	0.0	0.0	0.0	0.0	0.0	0.0	10.4	-5.6	1.0	26.4	36.6	0.0	0.0	10.8	22.9	0.0	0.0
75th percentile	0.0	0.0	0.0	0.0	0.0	0.0	-9.8	-14.1	-7.0	0.7	21.0	-2.0	-3.4	0.0	0.0	-10.7	0.0
90th percentile	-14.6	-3.2	-17.7	-53.3	-16.4	-6.3	-20.4	-22.1	-21.0	-16.5	1.1	-17.1	-17.9	-13.1	-8.2	-20.1	-16.4
Interdecile range	26.9	42.4	19.7	61.4	63.4	90.7	104.9	37.3	133.7	126.9	81.0	74.8	75.1	72.4	103.8	30.9	89.8
<i>Range of returns</i>	<i>296.0</i>	<i>207.0</i>	<i>110.5</i>	<i>101.1</i>	<i>166.8</i>	<i>296.0</i>	<i>334.9</i>	<i>242.1</i>	<i>180.7</i>	<i>334.9</i>	<i>108.6</i>	<i>371.9</i>	<i>296.8</i>	<i>329.0</i>	<i>253.1</i>	<i>130.8</i>	<i>371.9</i>

Range of returns (IRR) by vintage year (% pa) – five years

	Total	1980–84	1985–89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	332	13	68	13	14	7	10	19	9	13	24	16	24	26	30	19	18	9
Pooled average	33.4	0.0	5.0	47.8	n/a	31.4	99.0	1.3	61.8	63.1	25.2	29.4	23.0	31.4	43.4	29.2	22.7	36.3
10th percentile	57.8	0.0	0.0	45.7	0.0	n/a	191.3	48.5	n/a	191.6	114.0	80.9	133.5	74.5	93.7	48.1	86.0	n/a
25th percentile	21.0	0.0	0.0	0.0	0.0	0.0	32.7	11.6	33.4	69.3	40.6	38.6	49.8	35.5	49.7	34.6	24.7	55.1
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.6	0.0	5.3	5.9	18.0	11.4	7.6	24.2	0.0	9.5	14.4
75th percentile	-2.0	0.0	0.0	0.0	0.0	0.0	-7.7	-46.4	-16.4	-10.4	-12.9	-17.1	-10.6	-13.0	-4.9	-13.6	-3.2	-1.8
90th percentile	-17.1	0.0	0.0	-53.9	0.0	n/a	-75.2	-63.1	n/a	-34.7	-24.1	-32.5	-18.9	-22.9	-15.1	-21.5	-15.2	n/a
Interdecile range	74.8	0.0	0.0	99.6	0.0	n/a	266.5	111.6	n/a	226.3	138.1	113.3	152.3	97.3	108.8	69.6	101.3	n/a
<i>Range of returns</i>	<i>371.9</i>	<i>0.0</i>	<i>240.4</i>	<i>128.9</i>	<i>0.0</i>	<i>33.5</i>	<i>266.5</i>	<i>188.5</i>	<i>232.0</i>	<i>252.3</i>	<i>334.9</i>	<i>136.3</i>	<i>242.1</i>	<i>143.7</i>	<i>132.0</i>	<i>133.4</i>	<i>131.3</i>	<i>76.9</i>

## Appendix IV – Range of returns (IRR) medium to long term – ten years

Range of returns – IRR (% pa) by investment stage and subcategory – ten years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	General-ist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-European	Technol-ogy	Non-Technol-ogy
No of funds	153	24	35	33	26	35	77	20	9	37	11	230	185	45	42	54	176
Pooled average	22.2	41.7	-6.3	2.7	28.0	27.4	11.1	-8.5	1.8	8.5	16.4	12.1	8.5	15.3	16.0	0.7	12.6
10th percentile	58.9	70.2	28.2	56.7	74.5	139.4	25.4	44.6	n/a	18.8	37.4	39.5	31.8	82.7	104.8	100.9	29.4
25th percentile	16.3	34.9	7.6	16.9	9.7	21.3	14.9	5.2	25.4	11.3	25.8	15.3	12.9	22.8	25.1	25.2	14.9
Median	0.0	4.7	0.0	0.0	0.0	0.0	4.8	-6.9	-1.7	6.0	21.6	0.0	0.0	9.0	11.5	0.0	0.0
75th percentile	-8.8	0.0	-12.6	-10.4	-18.8	-8.9	-6.3	-13.8	-7.9	-3.4	7.5	-6.8	-6.9	-6.0	4.8	-7.2	-6.4
90th percentile	-26.6	-7.7	-26.6	-27.0	-78.5	-35.1	-14.4	-21.4	n/a	-13.4	5.0	-24.6	-24.8	-23.7	-21.4	-15.1	-26.0
Interdecile range	85.6	78.0	54.8	83.7	153.1	174.5	39.8	66.0	n/a	32.2	32.4	64.1	56.5	106.4	126.2	116.0	55.4
<i>Range of returns</i>	<i>383.1</i>	<i>142.0</i>	<i>156.9</i>	<i>199.5</i>	<i>301.7</i>	<i>353.4</i>	<i>153.2</i>	<i>135.2</i>	<i>76.9</i>	<i>68.0</i>	<i>33.8</i>	<i>383.1</i>	<i>270.4</i>	<i>331.3</i>	<i>317.8</i>	<i>328.9</i>	<i>306.8</i>

Range of returns (IRR) by vintage year (% pa) – ten years

	Total	1980–84	1985–89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
No of funds	230	13	68	13	14	7	10	19	9	13	24	16	24
Pooled average	12.1	-28.9	25.5	-7.9	-20.6	29.0	6.7	42.8	17.1	14.1	7.7	15.4	8.7
10th percentile	39.5	143.7	56.8	114.4	57.5	n/a	56.4	54.5	n/a	23.7	34.1	27.0	26.2
25th percentile	15.3	23.1	10.2	15.1	12.6	68.9	18.2	17.2	17.1	15.6	10.4	21.6	17.6
Median	0.0	0.0	0.0	-4.7	-6.1	17.4	1.1	8.1	0.0	6.0	1.5	7.5	5.2
75th percentile	-6.8	0.0	0.0	-24.2	-17.1	-28.0	-12.3	-6.8	-15.8	-3.7	-6.6	-6.4	-10.8
90th percentile	-24.6	-42.6	-24.5	-62.5	-28.7	n/a	-27.5	-29.9	n/a	-32.3	-21.1	-21.9	-14.0
Interdecile range	64.1	186.3	81.3	176.9	86.2	n/a	84.0	84.4	n/a	55.9	55.2	48.9	40.3
<i>Range of returns</i>	<i>383.1</i>	<i>240.6</i>	<i>377.9</i>	<i>253.7</i>	<i>106.5</i>	<i>196.2</i>	<i>86.9</i>	<i>283.8</i>	<i>143.9</i>	<i>71.6</i>	<i>148.7</i>	<i>61.6</i>	<i>78.2</i>

# Appendix V – Since-inception range of returns by vintage year band and investment stage

## 1980 to 1984 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
No of funds	13	4	1	1	0	7	13	4	1	1	0	7	13	4	1	1	0	7
Pooled average	9.5	9.7	n/a	n/a	n/a	8.6	205.6	206.1	n/a	n/a	n/a	197.6	205.6	206.1	n/a	n/a	n/a	197.6
10th percentile	19.9	n/a	n/a	n/a	n/a	n/a	440.7	n/a	n/a	n/a	n/a	n/a	440.7	n/a	n/a	n/a	n/a	n/a
25th percentile	14.7	n/a	n/a	n/a	n/a	9.6	251.3	n/a	n/a	n/a	n/a	224.6	251.3	n/a	n/a	n/a	n/a	224.6
Median	8.1	n/a	n/a	n/a	n/a	4.7	192.5	n/a	n/a	n/a	n/a	145.4	192.5	n/a	n/a	n/a	n/a	145.4
75th percentile	4.1	n/a	n/a	n/a	n/a	-0.4	133.7	n/a	n/a	n/a	n/a	96.2	133.7	n/a	n/a	n/a	n/a	96.2
90th percentile	-21.1	n/a	n/a	n/a	n/a	n/a	48.2	n/a	n/a	n/a	n/a	n/a	48.2	n/a	n/a	n/a	n/a	n/a
Interdecile range	41.0	n/a	n/a	n/a	n/a	n/a	392.5	n/a	n/a	n/a	n/a	n/a	392.5	n/a	n/a	n/a	n/a	n/a
Range of returns	56.8	n/a	n/a	n/a	n/a	49.0	491.7	n/a	n/a	n/a	n/a	323.8	491.7	n/a	n/a	n/a	n/a	323.8

## 1985 to 1989 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
No of funds	68	12	17	12	9	18	68	12	17	12	9	18	68	12	17	12	9	18
Pooled average	13.7	7.9	6.9	13.6	18.9	13.5	183.9	160.9	149.5	175.4	197.4	188.6	185.1	172.9	149.6	175.6	197.4	190.4
10th percentile	21.9	23.6	16.3	24.8	n/a	21.8	286.6	465.6	263.1	252.3	n/a	306.1	286.6	465.6	263.1	253.1	n/a	306.1
25th percentile	15.7	16.3	13.0	15.5	25.5	14.1	216.3	290.1	203.0	211.2	217.5	220.8	216.3	290.1	203.0	211.2	217.5	222.7
Median	8.8	7.8	5.1	9.9	18.9	9.0	173.7	181.3	125.8	156.4	189.4	176.9	176.9	183.8	125.8	156.4	189.4	176.9
75th percentile	4.2	-0.1	-3.2	4.3	14.1	2.5	119.5	54.6	75.3	122.6	185.2	125.8	120.1	100.6	75.3	122.6	185.2	125.8
90th percentile	-7.0	-22.1	-15.2	-3.7	n/a	-0.3	46.5	1.9	27.0	78.4	n/a	98.4	59.4	17.4	27.0	78.4	n/a	98.4
Interdecile range	29.0	45.6	31.5	28.5	n/a	22.1	240.1	463.7	236.0	173.9	n/a	207.7	227.1	448.2	236.0	174.7	n/a	207.7
Range of returns	67.6	52.9	36.5	34.5	20.6	43.3	511.0	511.0	306.9	205.3	130.6	252.3	504.6	504.6	306.9	205.3	130.6	252.3

### 1990 to 1992 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist
No of funds	34	4	10	10	8	2	34	4	10	10	8	2	34	4	10	10	8	2
Pooled average	13.8	9.9	19.9	21.2	9.5	24.8	166.3	162.9	207.7	192.7	143.2	261.5	166.3	163.2	207.9	192.7	143.2	261.5
10th percentile	34.6	n/a	31.2	40.0	n/a	n/a	254.6	n/a	281.3	315.6	n/a	n/a	254.6	n/a	281.3	315.6	n/a	n/a
25th percentile	23.7	n/a	11.8	33.2	23.2	n/a	201.8	n/a	159.3	220.7	184.8	n/a	201.8	n/a	159.3	220.7	184.8	n/a
Median	14.7	n/a	4.2	22.8	19.3	n/a	161.6	n/a	121.0	197.8	152.9	n/a	161.6	n/a	121.0	197.8	152.9	n/a
75th percentile	7.8	n/a	-8.6	10.5	10.7	n/a	134.5	n/a	60.8	142.3	141.4	n/a	134.5	n/a	61.1	142.3	141.4	n/a
90th percentile	-7.9	n/a	-9.9	6.1	n/a	n/a	65.1	n/a	53.2	121.0	n/a	n/a	65.1	n/a	57.6	121.0	n/a	n/a
Interdecile range	42.5	n/a	41.1	34.0	n/a	n/a	189.5	n/a	228.1	194.6	n/a	n/a	189.5	n/a	223.7	194.6	n/a	n/a
Range of returns	50.5	n/a	43.2	34.7	38.8	n/a	272.7	n/a	240.9	206.5	110.2	n/a	267.9	n/a	236.1	206.5	110.2	n/a

### 1991 to 1993 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist
No of funds	31	5	9	7	6	4	31	5	9	7	6	4	31	5	9	7	6	4
Pooled average	19.4	15.3	1.7	21.4	21.7	20.4	188.7	175.8	106.2	179.4	181.0	241.9	188.9	176.3	106.9	179.5	181.0	242.1
10th percentile	31.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a
25th percentile	22.0	16.9	10.0	35.9	24.7	n/a	198.2	193.1	145.1	226.8	202.3	n/a	198.2	193.1	145.1	226.8	202.3	n/a
Median	13.0	12.5	-7.3	26.3	21.5	n/a	147.5	159.9	68.3	198.2	180.9	n/a	147.5	159.9	68.3	198.2	180.9	n/a
75th percentile	2.5	0.5	-8.6	11.0	17.0	n/a	108.4	92.9	59.7	139.6	144.7	n/a	108.4	99.5	60.4	139.6	144.7	n/a
90th percentile	-8.6	n/a	n/a	n/a	n/a	n/a	58.4	n/a	n/a	n/a	n/a	n/a	59.5	n/a	n/a	n/a	n/a	n/a
Interdecile range	40.1	n/a	n/a	n/a	n/a	n/a	184.1	n/a	n/a	n/a	n/a	n/a	183.0	n/a	n/a	n/a	n/a	n/a
Range of returns	53.7	21.8	23.0	32.8	11.5	n/a	292.5	146.5	102.8	187.7	78.2	n/a	284.0	133.3	98.0	187.7	78.2	n/a

# Appendix V – Since-inception range of returns by vintage year band and investment stage continued

## 1992 to 1994 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
No of funds	36	5	8	10	7	6	36	5	8	10	7	6	36	5	8	10	7	6
Pooled average	27.9	15.7	17.6	15.0	39.2	18.4	242.6	171.8	166.6	170.9	295.5	219.2	243.3	175.7	169.4	171.0	295.5	221.5
10th percentile	41.6	n/a	n/a	32.6	n/a	n/a	256.3	n/a	n/a	308.7	n/a	n/a	256.4	n/a	n/a	308.7	n/a	n/a
25th percentile	21.3	17.9	11.8	17.8	51.6	21.8	216.2	195.0	151.0	193.4	264.2	248.0	216.2	198.5	155.3	193.4	264.4	248.0
Median	11.8	13.5	6.9	12.4	27.9	11.7	145.6	159.9	127.7	148.9	222.6	145.6	151.5	159.9	130.0	148.9	222.6	151.8
75th percentile	4.8	0.5	-5.0	7.3	11.7	1.3	119.6	92.9	77.7	130.6	139.6	105.0	120.5	99.5	80.3	131.3	139.6	107.1
90th percentile	-3.3	n/a	n/a	4.2	n/a	n/a	74.6	n/a	n/a	119.5	n/a	n/a	83.9	n/a	n/a	119.5	n/a	n/a
Interdecile range	44.9	n/a	n/a	28.4	n/a	n/a	181.7	n/a	n/a	189.2	n/a	n/a	172.5	n/a	n/a	189.2	n/a	n/a
<i>Range of returns</i>	66.8	21.8	49.6	29.8	51.6	37.1	426.4	146.5	164.0	201.7	353.7	220.0	417.9	133.3	161.2	201.7	353.7	211.5

## 1993 to 1995 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
No of funds	38	4	7	10	9	8	38	4	7	10	9	8	38	4	7	10	9	8
Pooled average	27.9	12.6	20.8	13.4	30.7	36.5	229.9	151.3	172.4	162.3	226.6	329.9	230.5	156.8	175.5	162.3	226.7	331.2
10th percentile	43.2	n/a	n/a	32.0	n/a	n/a	269.9	n/a	n/a	308.7	n/a	n/a	270.0	n/a	n/a	308.7	n/a	n/a
25th percentile	15.8	n/a	12.0	14.8	46.5	19.7	203.4	n/a	153.8	169.5	256.7	256.4	203.4	n/a	159.5	169.5	256.8	256.8
Median	9.6	n/a	4.4	9.1	11.7	11.6	139.3	n/a	116.4	135.9	148.8	145.6	139.3	n/a	121.2	136.3	149.0	151.8
75th percentile	2.0	n/a	2.0	3.0	1.9	1.5	106.9	n/a	106.0	114.5	106.4	61.2	108.1	n/a	112.9	114.5	106.4	63.3
90th percentile	-2.2	n/a	n/a	-1.2	n/a	n/a	62.5	n/a	n/a	96.8	n/a	n/a	65.0	n/a	n/a	96.8	n/a	n/a
Interdecile range	45.3	n/a	n/a	33.2	n/a	n/a	207.4	n/a	n/a	211.9	n/a	n/a	205.0	n/a	n/a	211.9	n/a	n/a
<i>Range of returns</i>	91.0	n/a	49.5	35.0	67.9	89.9	505.6	n/a	164.0	224.7	399.9	505.6	500.8	n/a	161.2	224.7	399.3	500.8

1994 to 1996 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
<i>Pre 1996 vintage funds</i>																		
No of funds	28	1	5	9	8	5	28	1	5	9	8	5	28	1	5	9	8	5
Pooled average	31.1	n/a	23.1	16.4	30.7	55.0	236.6	n/a	180.2	173.6	226.6	387.3	237.3	n/a	183.5	173.8	226.7	389.3
10th percentile	51.8	n/a	n/a	n/a	n/a	n/a	335.0	n/a	n/a	n/a	n/a	n/a	335.0	n/a	n/a	n/a	n/a	n/a
25th percentile	16.2	n/a	27.1	15.3	49.1	46.0	219.4	n/a	190.3	178.7	260.4	398.1	219.4	n/a	193.2	178.7	260.6	398.3
Median	11.1	n/a	9.5	10.4	10.7	15.2	145.6	n/a	138.9	134.1	144.2	146.1	147.0	n/a	138.9	135.0	144.3	158.6
75th percentile	2.4	n/a	2.9	1.9	1.9	4.1	108.6	n/a	109.4	109.6	106.0	91.8	114.5	n/a	117.0	109.6	106.0	91.3
90th percentile	-0.2	n/a	n/a	n/a	n/a	n/a	92.8	n/a	n/a	n/a	n/a	n/a	92.8	n/a	n/a	n/a	n/a	n/a
Interdecile range	52.0	n/a	n/a	n/a	n/a	n/a	242.2	n/a	n/a	n/a	n/a	n/a	242.1	n/a	n/a	n/a	n/a	n/a
Range of returns	91.0	n/a	40.2	35.0	67.9	76.7	500.0	n/a	120.9	224.7	399.9	500.0	500.8	n/a	113.9	224.7	399.3	500.8

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
<i>1996 vintage funds onwards</i>															
No of funds	13	0	3	8	2	13	0	3	8	2	13	0	3	8	2
Pooled average	17.8	n/a	-10.9	13.1	22.8	186.3	n/a	28.5	161.5	217.9	192.5	n/a	31.5	163.6	228.5
10th percentile	41.1	n/a	n/a	n/a	n/a	282.8	n/a	n/a	n/a	n/a	288.1	n/a	n/a	n/a	n/a
25th percentile	21.2	n/a	n/a	17.8	n/a	195.9	n/a	n/a	202.7	n/a	199.5	n/a	n/a	202.7	n/a
Median	10.0	n/a	n/a	10.1	n/a	135.7	n/a	n/a	143.0	n/a	142.9	n/a	n/a	146.6	n/a
75th percentile	-6.8	n/a	n/a	5.2	n/a	51.5	n/a	n/a	120.6	n/a	57.4	n/a	n/a	120.7	n/a
90th percentile	-66.0	n/a	n/a	n/a	n/a	19.7	n/a	n/a	n/a	n/a	20.0	n/a	n/a	n/a	n/a
Interdecile range	107.1	n/a	n/a	n/a	n/a	263.1	n/a	n/a	n/a	n/a	268.1	n/a	n/a	n/a	n/a
Range of returns	150.7	n/a	n/a	61.8	n/a	305.6	n/a	n/a	259.5	n/a	305.6	n/a	n/a	253.3	n/a

# Appendix V – Since-inception range of returns by vintage year band and investment stage continued

## 1995 to 1997 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Generalist
<i>Pre 1996 vintage funds</i>																		
No of funds	9	0	1	2	3	3	9	0	1	2	3	3	9	0	1	2	3	3
Pooled average	23.1	n/a	n/a	-1.1	-0.3	68.9	191.8	n/a	n/a	97.1	98.9	452.1	192.0	n/a	n/a	97.1	99.1	452.2
10th percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25th percentile	12.4	n/a	n/a	n/a	n/a	n/a	203.2	n/a	n/a	n/a	n/a	n/a	203.5	n/a	n/a	n/a	n/a	n/a
Median	1.9	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a
75th percentile	-0.7	n/a	n/a	n/a	n/a	n/a	77.9	n/a	n/a	n/a	n/a	n/a	78.2	n/a	n/a	n/a	n/a	n/a
90th percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interdecile range	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Range of returns</i>	91.0	n/a	n/a	n/a	n/a	n/a	500.0	n/a	n/a	n/a	n/a	n/a	500.8	n/a	n/a	n/a	n/a	n/a

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
<i>1996 vintage funds onwards</i>															
No of funds	37	10	5	18	4	37	10	5	18	4	37	10	5	18	4
Pooled average	16.0	21.1	1.4	8.6	27.6	170.9	155.4	105.4	140.9	222.6	174.7	160.4	106.6	144.6	226.2
10th percentile	45.9	44.0	n/a	23.6	n/a	248.2	196.7	n/a	220.2	n/a	255.8	198.4	n/a	220.2	n/a
25th percentile	15.2	18.6	34.2	10.3	n/a	180.2	147.9	186.7	167.9	252.7	181.1	166.3	189.7	176.8	n/a
Median	8.1	7.1	-4.8	8.5	n/a	135.5	121.2	55.0	135.6	224.3	135.7	124.0	61.2	139.3	n/a
75th percentile	-4.6	-8.6	-58.0	0.5	n/a	75.2	47.4	24.7	102.8	186.5	75.3	57.1	24.7	102.8	n/a
90th percentile	-16.1	-15.0	n/a	-9.8	n/a	47.2	13.1	n/a	57.6	n/a	48.0	46.9	n/a	58.3	n/a
Interdecile range	62.0	59.0	n/a	33.4	n/a	201.0	183.5	n/a	162.6	n/a	207.8	151.5	n/a	161.9	n/a
<i>Range of returns</i>	176.2	59.7	168.5	72.5	n/a	305.6	188.9	284.1	259.5	73.4	305.6	153.3	290.0	253.3	n/a

1996 to 1998 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	53	11	8	26	8	53	11	8	26	8	53	11	8	26	8
Pooled average	14.4	16.2	2.1	8.0	19.7	169.5	139.1	108.7	140.0	196.9	174.4	144.5	109.9	143.5	202.8
10th percentile	39.2	43.8	n/a	20.6	n/a	246.3	195.0	n/a	217.3	n/a	251.1	196.7	n/a	217.3	n/a
25th percentile	16.4	10.7	25.1	10.1	22.9	180.2	136.6	236.0	167.5	246.4	181.1	160.7	240.4	175.9	252.5
Median	7.7	6.6	-6.7	6.0	19.6	130.0	119.2	56.2	125.6	198.5	135.7	121.7	61.3	125.7	204.6
75th percentile	-5.1	-10.5	-17.8	-2.0	16.1	75.2	46.8	42.2	94.5	172.2	75.3	48.7	45.3	94.6	174.3
90th percentile	-15.8	-15.4	n/a	-12.0	n/a	43.1	15.6	n/a	55.3	n/a	47.8	47.0	n/a	57.2	n/a
Interdecile range	55.0	59.2	n/a	32.6	n/a	203.2	179.4	n/a	162.0	n/a	203.3	149.7	n/a	160.0	n/a
Range of returns	176.2	59.7	168.5	85.8	71.8	453.2	188.9	453.2	293.6	124.7	453.2	153.3	453.2	293.4	120.1

1997 to 1999 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	64	20	6	29	9	64	20	6	29	9	64	20	6	29	9
Pooled average	11.8	8.2	6.2	8.0	15.4	147.2	114.4	128.3	129.2	165.6	160.3	125.0	129.6	143.3	178.7
10th percentile	26.7	39.3	n/a	18.3	n/a	217.5	177.5	n/a	177.9	n/a	231.8	180.7	n/a	191.6	n/a
25th percentile	14.4	7.4	43.5	10.3	26.7	168.7	133.2	327.6	163.6	250.2	175.4	137.2	332.0	171.6	250.2
Median	4.8	-5.9	6.1	3.9	17.0	108.0	49.9	129.5	107.2	195.0	121.6	74.1	131.1	113.3	202.0
75th percentile	-7.2	-12.5	-10.5	-2.6	5.9	57.8	18.8	53.2	85.7	119.4	71.7	47.9	57.1	90.1	134.4
90th percentile	-14.2	-15.5	n/a	-13.8	n/a	21.0	0.9	n/a	51.1	n/a	45.7	24.0	n/a	55.0	n/a
Interdecile range	40.9	54.8	n/a	32.1	n/a	196.5	176.6	n/a	126.8	n/a	186.1	156.6	n/a	136.6	n/a
Range of returns	111.3	73.5	86.8	54.1	74.0	454.4	198.3	414.2	219.7	199.1	442.8	188.5	410.0	219.5	160.8

# Appendix V – Since-inception range of returns by vintage year band and investment stage continued

## 1998 to 2000 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	66	21	7	29	9	66	21	7	29	9	66	21	7	29	9
Pooled average	12.6	-6.9	4.6	11.1	15.5	134.7	32.1	107.8	138.9	148.7	164.9	69.3	120.8	156.3	184.0
10th percentile	22.3	4.0	n/a	23.6	n/a	201.5	100.2	n/a	216.6	n/a	231.3	121.6	n/a	230.5	n/a
25th percentile	14.8	0.4	14.7	18.0	22.4	154.3	47.7	170.8	165.0	220.4	167.9	102.0	174.0	176.5	243.7
Median	1.3	-8.1	-5.4	9.0	17.1	89.9	26.7	57.5	126.9	153.4	107.0	62.3	77.4	135.2	169.5
75th percentile	-9.1	-16.1	-15.9	-4.1	5.9	38.3	11.0	40.3	75.3	119.4	62.0	30.0	44.4	85.9	134.4
90th percentile	-17.9	-27.4	n/a	-13.4	n/a	11.2	0.2	n/a	40.3	n/a	28.2	23.2	n/a	55.0	n/a
Interdecile range	40.2	31.5	n/a	37.1	n/a	190.2	100.0	n/a	176.3	n/a	203.1	98.4	n/a	175.5	n/a
<i>Range of returns</i>	101.4	61.3	63.6	79.6	26.7	454.4	138.5	454.4	325.6	199.1	450.6	144.3	450.6	334.2	160.8

## 1999 to 2001 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	80	32	6	33	9	80	32	6	33	9	80	32	6	33	9
Pooled average	18.0	-6.2	33.1	17.9	21.0	138.4	27.5	239.5	149.3	147.0	179.4	73.5	254.5	181.0	192.3
10th percentile	32.6	3.2	n/a	40.0	n/a	215.6	77.6	n/a	295.0	n/a	249.9	121.3	n/a	334.6	n/a
25th percentile	19.4	-2.9	43.4	27.0	31.9	152.2	40.4	331.7	170.1	184.4	175.5	90.3	343.4	200.1	246.2
Median	3.1	-7.8	10.9	15.0	22.7	88.4	22.3	159.0	139.1	137.7	121.1	71.7	160.5	162.0	183.3
75th percentile	-8.0	-16.7	-11.4	-0.4	10.4	27.3	7.2	39.5	89.9	120.6	70.5	32.4	59.0	100.0	141.2
90th percentile	-17.8	-28.4	n/a	-9.2	n/a	2.0	0.0	n/a	47.2	n/a	29.3	22.1	n/a	68.7	n/a
Interdecile range	50.3	31.5	n/a	49.2	n/a	213.7	77.6	n/a	247.8	n/a	220.6	99.1	n/a	265.9	n/a
<i>Range of returns</i>	117.6	61.3	85.8	76.8	31.3	552.6	138.5	552.6	345.2	199.1	548.7	150.3	548.7	360.6	160.8

2000 to 2002 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	75	35	5	28	7	75	35	5	28	7	75	35	5	28	7
Pooled average	22.2	-5.2	34.9	23.4	25.8	142.8	25.3	244.2	161.3	152.8	186.6	78.4	260.1	194.9	199.7
10th percentile	36.9	2.6	n/a	47.3	n/a	221.7	62.8	n/a	343.7	n/a	259.9	113.4	n/a	352.7	n/a
25th percentile	24.2	-2.8	47.8	32.3	35.9	147.8	35.0	405.3	192.2	161.8	177.3	91.0	413.2	221.5	241.7
Median	1.5	-10.4	7.1	22.9	28.4	64.0	17.3	147.1	144.1	147.8	106.8	69.4	147.1	164.8	183.3
75th percentile	-10.4	-17.8	-17.3	11.0	17.1	12.3	1.0	26.4	110.6	134.5	62.3	45.6	40.6	130.8	159.8
90th percentile	-20.2	-23.8	n/a	-6.7	n/a	0.0	0.0	n/a	39.8	n/a	30.0	25.9	n/a	75.0	n/a
Interdecile range	57.1	26.5	n/a	54.0	n/a	221.7	62.8	n/a	303.9	n/a	230.0	87.6	n/a	277.7	n/a
<i>Range of returns</i>	117.6	68.3	85.8	73.1	20.1	552.6	95.8	552.6	380.8	74.6	552.6	139.6	548.7	405.2	97.4

2001 to 2003 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	67	30	4	26	7	67	30	4	26	7	67	30	4	26	7
Pooled average	25.0	-2.0	35.9	25.2	28.1	138.2	31.0	204.4	148.9	144.8	177.1	92.9	235.1	191.7	179.6
10th percentile	39.5	4.7	n/a	54.5	n/a	211.5	61.1	n/a	345.5	n/a	255.4	112.0	n/a	353.9	n/a
25th percentile	27.8	0.5	n/a	34.0	35.9	151.2	35.9	n/a	179.9	161.8	183.3	101.9	n/a	220.4	208.4
Median	8.2	-8.9	n/a	24.4	28.4	68.8	16.7	n/a	149.3	137.7	128.0	74.3	n/a	165.5	179.4
75th percentile	-7.8	-14.2	n/a	10.7	15.8	17.3	0.0	n/a	102.3	128.4	74.0	51.0	n/a	130.4	136.3
90th percentile	-15.8	-22.2	n/a	-5.2	n/a	0.0	0.0	n/a	50.5	n/a	48.4	30.7	n/a	75.8	n/a
Interdecile range	55.3	27.0	n/a	59.7	n/a	211.5	61.1	n/a	295.0	n/a	207.0	81.3	n/a	278.1	n/a
<i>Range of returns</i>	97.6	44.8	n/a	80.6	23.1	552.6	95.8	n/a	380.8	144.3	552.6	139.6	n/a	405.2	122.3

# Appendix V – Since-inception range of returns by vintage year band and investment stage continued

## 2002 to 2004 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	46	20	3	19	4	46	20	3	19	4	46	20	3	19	4
Pooled average	22.3	1.7	9.7	25.9	25.0	115.1	40.0	62.9	127.2	122.5	154.5	105.5	129.0	177.6	150.6
10th percentile	48.3	8.8	n/a	65.7	n/a	181.1	72.8	n/a	288.3	n/a	244.4	127.3	n/a	352.1	n/a
25th percentile	21.3	1.6	n/a	45.1	n/a	129.3	34.2	n/a	173.4	n/a	162.2	106.8	n/a	227.2	n/a
Median	3.6	-8.1	n/a	20.7	n/a	62.8	7.7	n/a	123.1	n/a	110.2	66.4	n/a	161.8	n/a
75th percentile	-7.9	-13.7	n/a	8.2	n/a	8.7	0.0	n/a	68.8	n/a	69.6	49.8	n/a	128.0	n/a
90th percentile	-14.5	-21.4	n/a	-4.0	n/a	0.0	0.0	n/a	19.0	n/a	44.1	30.7	n/a	73.4	n/a
Interdecile range	62.8	30.2	n/a	69.7	n/a	181.1	72.8	n/a	269.3	n/a	200.2	96.6	n/a	278.7	n/a
<i>Range of returns</i>	88.7	36.0	n/a	80.6	n/a	352.1	95.8	n/a	352.1	n/a	369.1	145.2	n/a	369.1	n/a

## 2003 to 2005 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Development	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
No of funds	50	15	4	22	9	50	15	4	22	9	50	15	4	22	9
Pooled average	12.3	-1.5	-9.4	16.5	12.1	48.7	24.6	29.6	72.0	43.2	129.5	96.0	79.4	140.5	128.8
10th percentile	46.9	6.0	n/a	61.3	n/a	172.4	52.4	n/a	261.9	n/a	239.0	115.1	n/a	276.5	n/a
25th percentile	20.8	0.2	n/a	43.6	23.9	74.2	28.0	n/a	165.9	95.6	155.5	100.6	n/a	218.3	170.7
Median	1.5	-8.6	n/a	16.8	16.6	23.5	8.0	n/a	69.0	37.0	104.8	73.1	n/a	147.4	133.9
75th percentile	-8.6	-13.1	n/a	-3.7	-1.0	0.1	0.0	n/a	10.9	5.2	74.3	49.1	n/a	88.3	98.4
90th percentile	-18.9	-29.2	n/a	-12.9	n/a	0.0	0.0	n/a	0.0	n/a	41.1	0.0	n/a	75.3	n/a
Interdecile range	65.9	35.2	n/a	74.2	n/a	172.4	52.4	n/a	261.9	n/a	197.8	115.1	n/a	201.2	n/a
<i>Range of returns</i>	103.8	44.9	n/a	98.7	66.5	288.3	62.8	n/a	288.3	132.0	369.1	119.1	n/a	328.8	189.4

## Appendix VI – Worked examples

### Sample carried interest calculation to produce an interim IRR

Fund size – £20 million

Draw down – £17 million (85%)

Distributed – £12.25 million

Residual net asset value (NAV) at 31 December 2009 (before carried interest) – £12 million.

#### Distribution Priority

- i) 100% to investors until commitments returned;
- ii) 100% to investors until a 'preferred return' of 10% pa compound is achieved;
- iii) 100% to manager until payments equal 25% of ii);
- iv) 80% to investors, 20% to manager thereafter.

An interim IRR is a 'snapshot' of performance to date. In calculating an interim IRR, the assumption used is that the fund is wound up at the NAV date (i.e. 31 December 2009) and that the residual value is distributed according to the above.

As the fund is not fully drawn down, one of two assumptions can be made, each of which has the same effect on the IRR calculation:

- i) The £3 million not yet drawn down is cancelled and commitments correspondingly drop to £17 million; or
- ii) The £3 million is drawn down on 31 December 2009 and distributed simultaneously.

The example given on the right produces an interim IRR before carried interest of 12.9% and 10.7% pa after carried interest. The latter figure is the one used in the BVCA Performance Measurement Survey.

### Sample interim IRR calculation for a fund

Cash-flow date	Amount (£)	Comment
1 Feb 05	-2,000,000	10% draw down from investors
10 Jun 05	-2,000,000	10% draw down from investors
25 Nov 05	-2,000,000	10% draw down from investors
3 Apr 06	-2,000,000	10% draw down from investors
9 Sep 06	-2,000,000	10% draw down from investors
12 Dec 06	-2,000,000	10% draw down from investors
5 May 07	-2,000,000	10% draw down from investors
15 Oct 07	1,500,000	Cash distribution to investors
11 Nov 07	-1,000,000	5% draw down from investors
29 Mar 08	2,500,000	Cash distribution to investors
27 Jun 08	1,000,000	Cash distribution to investors
18 Sep 08	-2,000,000	10% draw down from investors
29 Apr 09	3,000,000	Cash distribution to investors
12 Aug 09	1,500,000	Cash distribution to investors
15 Dec 09	2,750,000	Cash distribution to investors
31 Dec 09	12,000,000	Residual NAV

NB. All figures have been calculated using Microsoft Excel and the IRRs using the XIRR function in the same programme.

The NAV required to produce the preferred return to investors at 31 December 2009 is £10,077,618 in accordance with Distribution Priority ii) leaving an excess of £1,922,382 to be allocated between the investors and the manager.

At this point, the minimum gain attributable to investors would be £5,327,618 (£10,077,618 + £12,250,000 - £17,000,000).

As investors would have received the preferred return (the fund being 'wound up' at this date), the manager becomes

entitled to an amount equivalent to 20% of this minimum gain from the excess of £1,922,382. The manager is thus entitled to 25% of the minimum gain achieved (i.e. £1,331,905) in accordance with iii) plus 20% of the remaining excess of £590,477 (£1,922,382 - £1,331,905). The manager would now have received 20% of the gain, that is, 20% of (£5,327,618 + £1,331,905 + £590,477).

Of the £12,000,000 residual NAV, £11,409,523 has been allocated as follows:

£4,750,000	To the investors to make draw downs equal to distributions (£17m-£12.25m) – i)
£5,327,618	To the investors to produce the preferred return – ii)
£1,331,905	To the manager to produce 20% of gains at the preferred return point – iii)
<b>£11,409,523</b>	

The residual £590,477 (£12,000,000-£11,409,523) is to be allocated in accordance with condition iv):

£472,382	To the investors
£118,095	To the manager
<b>£590,477</b>	

In this way, the £12,000,000 residual NAV has been allocated as follows:

£10,550,000	To the investors
£1,450,000	To the manager
<b>£12,000,000</b>	

It will be noted that the manager has received 20% of net gains (£1,450,000 being 25% of (£10,550,000 + £12,250,000-£17,000,000)). NB. If the residual NAV had been £10,077,618 condition iii) could not be fulfilled in its entirety and the interim IRR would be exactly 10% pa.

## Appendix VII – List of responding managers

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3i	Bridgepoint Development Capital	Graphite Capital Management LLP	Milestone Capital Partners
AAC Capital Partners (Formerly ABN AMRO)	Bridges Community Ventures Limited	Greenhill Capital Partners Europe LLP	MMC Ventures Ltd
Abingworth Management Ltd	Cabot Square Capital LLP	Gresham LLP	Montagu Private Equity LLP
Accel	Candover	Growth Capital Partners	MTI
ACT Venture Capital Ltd	Catapult Venture Managers Ltd	Helios Investment Partners LLP	NEL Fund Managers Limited
Advantage Capital Limited	Chamonix Private Equity	Herald Investment Management Limited	Next Wave Ventures
Advent Venture Partners LLP	Charterhouse Capital Partners LLP	HgCapital	Oxford Capital Partners
Alchemy Partners LLP	Cinven	Iceni Capital	Palamon Capital Partners, LP
Alliance Fund Managers Limited	Clarendon Fund Managers Limited	Impax Asset Management Ltd	Penta Capital Partners Ltd
Alliance Trust Equity Partners Ltd	Close Brothers Private Equity LLP	Industri Kapital Ltd	Pentech
Amadeus Capital Partners Limited	Cognetas LLP	Infinity Asset Management LLP	Permira Advisers LLP
Antrak	CVC Capital Partners Limited	Inflexion Private Equity	Phoenix Equity Partners
Antrak Capital	Darwin Private Equity LLP	ISIS EP LLP	Piper Private Equity Limited
Apax Partners	DFJ Esprit	Kelso Place Asset Management LLP	Primary Capital Ltd
August Equity LLP	Doughty Hanson & Co Ltd	Kennet Partners Ltd*	RJD Partners Limited
Azini Capital Partners	Duke Street (formerly Duke Street Capital)	Key Capital Partners LLP	Rutland Partners LLP
Bain Capital Ltd	Dunedin Capital Partners Limited	Kings Park Capital	Scottish Equity Partners
Baird Capital Partners Europe	ECI Partners LLP	Kohlberg Kravis Roberts & Co Ltd	Seraphim Capital (General Partner) LLP
Barclays Private Equity Limited	Electra Partners LLP	Langholm Capital LLP	Shackleton Ventures Limited
BC Partners Limited	Epi-V LLP	LGV	Silverfleet (previously PPM)
Beringea Ltd	Equity Ventures Ltd	Lion Capital	Sovereign Capital Partners LLP
Bestport Ventures LLP	Exponent Private Equity LLP	Loudwater Investment Partners Ltd	Spirit Capital (formerly Aberdeen Asset Management Limited)
Bowmark Capital Limited	FF&P Private Equity Ltd	Lyceum Capital Partners LLP	STAR Capital Partners
Bridgepoint	Finance Wales Investments Limited	Matrix Private Equity Partners LLP	Summit Group Ltd (The)
	Frontiers Capital Limited	Midven Limited	

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Sussex Place Ventures  
SV Life Sciences Advisers LLP  
TDR Capital LLP  
Terra Firma Capital Partners Limited  
Top Technology Ventures Limited  
TowerBrook Capital Partners (UK) LLP  
TTP Venture Managers Ltd  
Vespa Capital  
Vitruvian Partners LLP  
WHEB Ventures Ltd  
WM Enterprise  
Wyvern Asset Management  
YFM Private Equity Limited  
YFM Venture Finance Ltd  
Zeus Private Equity LLP

Notes

1. 112 managers responded to the survey. These comprised 111 managers who were BVCA full members as at 31 December 2009 (100% of those firms that manage funds eligible for the report) and a manager\* that is no longer member, but kindly continued to provide data.
2. Many private equity firms manage more than one fund.
3. Those BVCA full members not listed above either do not raise third-party funds (i.e. invest their own or parent company money only), manage VCTs or government funds, or do not manage their funds from the UK, and therefore are not eligible to be included in the report.
4. A number of past BVCA members' funds remain within the dataset (see Methodology on page 36) and are not listed here – most of these funds have come to the end of their lives.



# Appendix VIII – Frequently asked questions

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## What is the purpose of the survey?

The survey aims to report the performance of the UK private equity industry. We believe it to be the most complete country-specific survey on the performance of private equity funds in the world.

## Who is included in the survey?

To be eligible for inclusion in the survey, the private equity firm must:

- Be a full BVCA member;\*
- Raise money from third-party investors;
- Manage that money from the UK (although it may be invested elsewhere).

The following are excluded:

- BVCA members investing from their own balance sheet;
- Quoted vehicles managed by BVCA members such as VCTs and private equity investment trusts (PEITs), although the latter are shown as a separate category.

These groups have been excluded because the purpose of the survey is to show institutional investors the kind of returns they might attain if they invested in UK-based private equity funds (which are often structured as limited partnerships). The returns of these 'independent' funds are calculated in a different way from quoted vehicles and therefore cannot be combined in the same sample. PEITs are, however, shown as a separate category in the report for comparison purposes.

Firms that only invest directly from their own balance sheet are excluded because they do not manage a fund into which an institutional investor would be able to invest. Also, the firms that invest from their own balance sheet will not be able to report data net of costs and fees, as with the 'independent' funds.

## Is the BVCA membership representative of the UK private equity industry?

The BVCA represents the vast majority of private equity and venture capital in the UK, with around 200 full members –

firms that provide private equity or venture capital funding to unquoted companies.

## What is the response rate for the survey?

In total, 124 BVCA members responded to the survey in 2008, representing 100% of the firms that manage funds eligible to be included. Many firms manage more than one fund. In total, 458 funds were included.

The BVCA recognises the importance of producing the most comprehensive performance data possible and therefore it is a condition of BVCA membership that the data is provided.

## Who produces the survey?

The survey is conducted by PricewaterhouseCoopers International Survey Unit (ISU) in conjunction with Capital Dynamics and the BVCA.

\* Funds managed by former members of the BVCA have been included where information has been available, but these are few and most are no longer active within the UK private equity industry. Only past members that still have active funds and continue to provide data are listed as having responded to the survey.

## Appendix VIII – Frequently asked questions continued

### How is the data collected?

BVCA members submit their cash-flow and valuation data for qualifying funds via the BVCA's on-line data collection portal. The data is then provided to PricewaterhouseCoopers ISU for analysis by investment stage and vintage year, with verification, where appropriate, undertaken by Capital Dynamics.

The BVCA then produces a summary flyer in May, with the full report compiled by PricewaterhouseCoopers and the BVCA published in July.

### Why have funds with vintages of 1996 onwards been reclassified?

This was done in order to reflect changes in the market. It was decided that 1996 was the most appropriate point at which to do this, as it was around this time that the market started to noticeably change, with a large rise in the number of venture capital funds and significantly larger buyout funds being raised.

The new categories and their size-bandings (i.e. size of equity investments) are as follows:

- Venture;
- Small MBO\* (< £10m);
- Mid-MBO (£10m–£100m);
- Large MBO (> £100m).

### Does this allow for greater breakdown of the data?

Yes. Reducing the number of categories makes it easier to break out vintage year data by stage category. From 1996 vintages onwards, vintage years are analysed by Venture, Small/Mid-MBO and Mid/Large MBO stages. Due to some very small sample sizes, the MBO categories have had to be combined when comparing with Venture. This further breakdown of vintage year returns will be useful when benchmarking funds. It is hoped that this will increase the usefulness of the survey to investors and practitioners alike.

### How are the returns calculated?

The primary method for calculating returns is based on the annualised internal rate of return (IRR) achieved over a period of time. This return is based upon the total actual fund cash flows and valuations of the funds at the relevant period ends and the calculation of the change between them on a per annum basis. The returns are therefore time- and money-weighted (often referred to as 'time line basis').

### The returns are based on fund valuations provided by the fund manager. How robust are these numbers?

Seventy per cent of the funds surveyed contain unrealised investments. PricewaterhouseCoopers ISU asks whether fund valuations have been based on the new International Private Equity and Venture Capital Valuation Guidelines and, if not, what valuation method has been used. However, PricewaterhouseCoopers has not independently confirmed that the International Guidelines have been

adhered to. It should be remembered that, as with other asset classes, a valuation provides an interim 'snapshot' of performance. The distributing nature of the vast majority of private equity funds means that when a fund has made its final distribution, a pure cash-on-cash return can be calculated.

### What are the International Private Equity and Venture Capital Valuation Guidelines?

The International Valuation Guidelines were initially launched in March 2005, having been developed by the Association Française des Investisseurs en Capital (AFIC), the British Private Equity and Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA), and endorsed by 30 regional and national associations, including the Institutional Limited Partners Association (ILPA) in the USA. These replaced the previously widely used BVCA Valuation Guidelines. For more information please visit [www.privateequityvaluation.com](http://www.privateequityvaluation.com).

\* includes development capital

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### Why is the internal rate of return (IRR) used?

The IRR is the most appropriate measure of return due to the high level of discretion of the fund manager in determining cash flows to and from the investors and the difficulty in determining portfolio valuations at the date of each cash flow that would be required in order to calculate a time-weighted return. The CFA Institute (formerly AIMR – Association of Investment Management Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital performance.

### Can you compare IRRs to other returns from other asset classes?

Most other asset classes, including the WM Pension Fund Universe and other comparative indices quoted in this report, are calculated as gross time-weighted returns (TWR) and so any comparison should be done with care. Such TWR calculations are not possible for private equity as they require frequent and easily obtainable revaluations and assume a low level of manager discretion in the timing of cash flows.

### Is the IRR net or gross?

The private equity return represents the 'net' return to investors after costs and fees. Provision is made for performance fees, which would have been payable if the residual valuation had been realised at the valuation date.

Returns from the WM Pension Funds Assets and FTSE indices, however, are gross time-weighted returns. Thus, private equity returns are effectively understated in comparison.

### Why is the net IRR used?

The net IRR is the most appropriate measure of return as this is the return that is generated to the investor. While gross IRRs are important for measuring individual deals, the effects of costs and fees can significantly reduce the gross returns when a fund is examined as a whole.

### Why are different types of net IRR reported?

'Since inception' returns are the most meaningful way to measure private equity performance. They measure from the actual start of the fund (i.e. from the first

drawdown) up to a particular point in time. This therefore most closely reflects the return a primary investor would have achieved.

'Medium to long-term returns' (three, five and ten years) are reported in order that investors can compare with other asset classes, which is not possible with the since-inception numbers. These returns cover all activity in all funds in the survey over the measured period to 31 December; it is not limited to those funds that were in existence at the start of the measured period. (NB. These returns can be compared with the 'horizon' returns produced by EVCA.)

Current year (or one-year) returns are not included in the tables in the main body of the report, but can be found in Appendix V. This is because they are very volatile and inappropriate as a realistic measure of private equity performance. It is not possible to invest in a private equity fund for just one year. Private equity is a long-term investment, spanning the life of a fund. They can, however, be used as an indication of how well the UK private equity industry performed in that one year.

### Why is the complete dataset 336 funds in some cases and 422 in others?

The since-inception returns have a reduced dataset compared to the medium/long-term returns, because only funds over four years old are included in the former. The reason for this is that short-term IRRs can be very volatile and are not a reliable indicator of progress. After four years, the IRR has begun to settle down and is thus a more meaningful indication of the direction of progress.

### Why is the pooled average IRR so different from the median IRR in some populations?

The pooled average IRR is the return for the total sample of funds being analysed, whereas the median is the actual return of the middle-ranking fund in the sample. The pooled average is more affected by larger funds in the sample, whereas the median is size-neutral.

### Why are multiples also quoted?

The IRR is not the only important measure of performance for private equity and venture capital funds. Multiples are a useful additional measure that can be used in conjunction

## Appendix VIII – Frequently asked questions continued

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with IRRs when comparing the relative performance of funds.

The multiple is shown in two ways:

- As a percentage of paid-in capital distributed to investors (DPI);
- As a percentage of total value, which includes capital distributed and residual value (TVPI).

### What is the impact of currency on the returns?

All of the fund returns are calculated in pounds sterling. For those funds that are denominated in other currencies, each cash flow and valuation is converted to pounds sterling using the relevant exchange rate prevailing at the date of such cash flow or valuation. In this way, the return calculated will be closest to that of a sterling-based investor. Although exchange rate movements may have some significant impact on short to medium-term returns, their effect on since-inception and long-term returns is generally small.

### How transparent is the UK private equity industry?

The private equity industry is mindful of the need for appropriate levels of transparency, given its high profile in the media and its importance to the wider success of the economy. It must be remembered, however, that private equity differs from public equity and that a degree of privacy is an important component of return generation. This survey was first commissioned by the BVCA in 1994 and demonstrated the desire and strategic vision of the BVCA to promote greater understanding of the industry and to encourage greater transparency regarding performance. The continuous efforts to improve the survey, such as the further breakdown of vintage year performance, are also made with the desire for greater transparency in mind.

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## Disclaimer

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